

**EAST LYME BOARD OF FINANCE
SPECIAL MEETING MINUTES
BUDGET REVIEWS
Tuesday, APRIL 12th, 2011**

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
 Carol Marelli & Nancy Moran, Registrars of Voters

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.

Becky Miller, 7 River Road said that she had some to voice her concern about the Board of Ed process. She explained that her mother was the first class to graduate from ELHS in 1969 and that she now teaches at the High School herself and was saddened to hear that at least 20 teachers received pink slips. She said that she heard this information because she is a teacher and that she wants the public to know so that they can make an informed decision on the budget. She wants the Board of Finance and the Board of Ed to make the information available so that the taxpayers can speak to this at the Public Hearing on April 25, 2011.

Jim Lombardo, Maple Street – Saunders Point, Niantic, CT said that he was speaking as a resident and not as the Superintendent of Schools. He said that as a resident of the area without public sewers and one who lives on a street where water collects when it rains heavy that he thought that he heard about a \$900,000 sidewalk that will run along the road for walkers, etc and he feels that the money would be better spent on neighborhoods such as his that do not have sewers, getting them.

Karen Rak, 27 Black Point Road said that concerning Saunders Point; to Mr. Lombardo that he had just missed a Water & Sewer meeting where they spoke on the items that he was talking about. She encouraged him to go speak there as that is where they fund such projects and not here. As far as the Board of Ed budget goes, the Board of Finance only has total figure control – they do not have the purview of line item control. Also, they are charged with deciding what the entire Town and all the taxpayers can afford and to just a certain group. She further encourages people to go to the Public Hearing and speak about how they want the Board of Ed to make cuts as they have the line item control over their budget. Those who want to see specific Board of Ed cuts to specific line items need to voice their concerns to the Board of Ed and make them aware of what they want.

Robin Soule, 14 McElaney Drive said that she is the parent of students in the schools and she feels that the success of the schools has to do with the smaller class sizes and the teachers. She said that she teaches

and that the classes are much different now than when she went to school. She urged them to look long and hard at the cuts and to not limit today's youth.

Madeline Miller, 28 Bush Hill Drive thanked the Town for putting up the Town budgets and detail on the website and said that she wanted the Board of Ed to put all of their info on their website for all the people of the Town to be able to see. She said that she had seen two layoffs and six retirements and they are stating that there are 20 layoffs – she asked why they are not offering the OHIO plan for retirements. She said that she is concerned with two of the people who received layoff notices – Jim Littlefield and Rose Ann Hardy – both are part time staff (.20) and both provide invaluable hands on instruction, one in anthropology and the other in contemporary issues. Jim Littlefield has his students of anthropology working on a dig site. Rose Ann Hardy has an honors contemporary issues class that is involved in many civic organizations. There is a great amount of personal integrity that these people bring to these programs. The proposed budget does have some layoffs in it and does allow the Superintendent to re-allocate dollars – but until they actually bring forth where – she said that she could not support the Board of Ed budget as requested.

Bob Gadbois, 358 Boston Post Road said that he supports what Ms. Rak had to say and added that he thinks that both budgets should come in with zero increases. The seniors are hurting very badly and everyone has to tighten their belts. The seniors and retirees have to pay the same as others who are working and the prices for gas and oil are increasing.

D. Old Business

a. Any Outstanding Information

Mr. Kleinhans said that they were provided with a notebook from the Board of Ed with the information in response to their questions.

E. New Business

a. Budget Reviews – FY 2010-2011

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

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

****MOTION (1)**

Mr. Kelley moved to open the budget review for Item 110 – Registrars.

Mr. Hart seconded the motion.

Vote: 6 – 0 – 0. Motion passed.

Mr. Formica noted that both Registrars were present and that their budget was the same except for Line 402 – Referendum/Primary at \$23,500 is for the referendum and the expected expense of one primary.

****MOTION (2)**

Mr. Kelley moved to close the budget review for Item 110 – Registrars.

Mr. Harney seconded the motion.

Vote: 6 – 0 – 0. Motion passed.

◆ Board of Finance (126) – Bob Kleinhans, Chairman

****MOTION (3)**

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

Mr. Hart seconded the motion.

Vote: 6 – 0 – 0. Motion passed.

Mr. Formica said that this budget is flat except for audit services.

****MOTION (4)**

Mr. Kelley moved to reduce Line 412 by \$600.

Mr. Larcen seconded the motion.

Mr. Formica noted that budget time is traditionally the heavy season.

Vote: 5 – 1 – 0. Motion passed.

Against: Mr. Hart

****MOTION (5)**

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

Mr. Harney seconded the motion.

Vote: 6 – 0 – 0. Motion passed.

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

****MOTION (6)**

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

Mr. Larcen seconded the motion.

Vote: 6 – 0 – 0. Motion passed.

Mr. Formica said that it might be safe to say that there may be some dollars that could be trimmed on the Health Insurance.

Ms. Johnson said that they did hear from Anthem on expenses and that for the Board of Ed side, they are up by \$107,000 this year and the Town is down by \$17,000.

Mr. Larcen asked the premium cost share and if it changes by class.

Ms. Johnson said that it is by bargaining group.

Mr. Formica said that they have been working over the years to bring the share up to 15%. They have recently opened negotiations with the Police.

Mr. Larcen asked if this budget makes any allowance for this.

Mr. Formica said that it is in contingency.

Mr. Larcen asked how much was in the health insurance reserve.

Ms. Johnson said that she would check and provide that information at their next meeting.

Mr. Kleinhans asked if the Board of Ed has the \$93,000 built into its budget.

Mr. Lombardo said yes and added that it is typical to see this increase when replacing older people with new younger people with families.

Mr. Larcen asked if the Worker's Compensation is paid once per year.

Ms. Johnson said that they did it that way this year however it is sometimes paid by the quarter.

Mr. Larcen asked the total amount that they would spend this year as it appears to be much less than the \$270,450.

Mr. Lombardo said that the Board of Ed would be comfortable with level funding on Worker's Compensation.

Mr. Formica said that 140 – Legal Services, they were doing very well however they have a couple of complex federal cases and have specialized attorney's working on them. The settlement process is on-going. For Line 200 – Contracted/Operations he said that they did not have the newest numbers yet. Line 300 – Operating Expenses are the professional organizations that they belong to.

****MOTION (7)**

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

Mr. Kelley seconded the motion.

Vote: 6 – 0 – 0. Motion passed.

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

****MOTION (8)**

Mr. Larcen moved to open the budget review for Item 120 – Contingency.

Mr. Hart seconded the motion.
Vote: 6 – 0 – 0. Motion passed.

Mr. Formica said that leaving the Contingency line 500 at \$145,000 is okay. They may be able to save on 100 – Personnel Services, line 500 however that number will be forthcoming.
noted that this was reduced last year due to the deferred raises and that it was increase this year as the

****MOTION (9)**

Ms. Picarazzi moved to close the budget review for Item 120 – Contingency.
Mr. Harney seconded the motion.
Vote: 6 – 0 – 0. Motion passed.

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

Mr. Kleinhans called for a motion to open the CNRE for discussion.

****MOTION (10)**

Mr. Larcen moved to open the budget review for CNRE.
Mr. Kelley seconded the motion.
Vote: 6 – 0 – 0. Motion passed.

Mr. Larcen asked about the \$153,000 encumbrance.
Ms. Johnson said that she had provided a breakdown sheet and that most are for Vision for the Re-Val that is on-going.

Mr. Larcen asked about the truck.
Ms. Johnson said that she would check with Public Works on that.

Ms. Picarazzi asked about the Middle School boiler system as she thought it was the High School.
Ms. Johnson said that is a typo – it is the High School.

Mr. Hart asked about the Fire Marshal vehicle under Public Safety.
Mr. Formica said that the Fire Marshal is driving it and that there are no plans to replace the other vehicle.

Mr. Larcen asked about a bonded capital projects listing like what was presented the previous year listing the dollars that were left over from the projects.

****MOTION (11)**

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

◆ **Capital (724) - Paul Formica, First Selectman, Anna Johnson, Finance Director**

Mr. Kleinhans called for a motion to open Capital for discussion.

****MOTION (12)**

Mr. Hart moved to open the budget review for Capital - 724.
Mr. Harney seconded the motion.
Vote: 6 – 0 – 0. Motion passed.

Mr. Formica reviewed the spreadsheet noting that \$150,000 is for the second year payment on Re-Val and that there is also \$45,300 for the hiring of a special appraiser for the State properties that we have.

Mr. Larcen asked for the Public Works new vehicle cost in 2012 – what portion of the \$274,681.
Ms. Johnson said that she would get that information for them.

****MOTION (13)**

Mr. Kelley moved to close the budget review for Capital - 724.

Mr. Hart seconded the motion.
Vote: 6 – 0 – 0. Motion passed.

b. Budget Deliberations – Start Discussion

Mr. Formica noted that the refunding that had taken place last week and that there would be a savings of \$670,000 over the payment period.

Mr. Kleinhans asked if there would be any reduction for this year.

Mr. Formica said possibly a small amount.

Mr. Kleinhans asked the value of a mill.

Mr. Formica said it is \$2.2M.

Mr. Kleinhans noted that there is a total budget increase of around \$1.7M.

Mr. Larcen said that he would like to start with a review of the projected revenues.

Mr. Formica said that there are the five different scenarios that he had previously presented.

Mr. Larcen asked to increase the tax collection figure on the prior year grand list by \$50,000 to \$400,000. The 99.4% collection rate was noted. He also suggested adding \$35,000 to interest and liens. Comment was made that prior year collections often fluctuate greatly.

Mr. Formica said that they are not sure what will happen with PILOT with Gates closing however he has spoken with Montville and was told that they do fund regularly until the property value just goes down – basically from the property not being maintained. He also said that if the State sales tax goes to 6.3% that there could be something there.

Mr. Larcen suggested that they could increase the Building permit line item. He also asked if anything had come out of the talks on the Conveyance Taxes.

Mr. Formica said not yet.

Mr. Kleinhans commented on the solid waste license fee that appears to be really low at \$125.

It was noted that Salem tuition would be less due to less students.

Mr. Kleinhans asked Mr. Lombardo if there would be anything in the budge to offset it.

Mr. Lombardo said no.

Mr. Hart suggested that they could increase recycling cardboard/paper from \$12,000 to \$20,000.

Mr. Kleinhans asked what falls under Finance Department, misc.

Ms. Johnson said that they have the tower rental which they receive fees from and animal control fees and the rental fees from the Community Center rooms. There is also the \$4500 Ledge Light office rent.

Mr. Hart suggested that they increase the projected revenues to \$80,000.

Mr. Formica noted that there was the suggested use of \$287,500 from fund balance in the scenario.

Ms. Picarazzi asked if there was any revenue generated by the schools and if so, where.

Mr. Lombardo said there is in a couple of ways with the tuition and they also generate some from building rentals which they use in their budget.

Mr. Kleinhans noted that they had added \$103,000 to revenues.

****MOTION (14)**

Mr. Kelley moved to take a brief recess.

Mr. Larcen seconded the motion.

Vote: 6 – 0 – 0. Motion passed.

****MOTION (15)**

Mr. Hart moved to open deliberation discussion on the Board of Education budget – 999.

Mr. Harney seconded the motion.

Vote: 6 – 0 – 0. Motion passed.

Mr. Kleinhans said that they had received the supplemental information from the Board of Ed and asked if there were any questions.

Mr. Hart asked about the technology replacement and the scenarios.

Mr. Lombardo said that around \$175,000 could be financed over five years and that they could save around \$135,000. He said that the figure includes computers, monitors, laptops and smart boards but not the switches or servers.

Mr. Hart asked about the Niantic Center School plans and if they would keep it open for a few more years.

Mr. Lombardo said that they have laid out five different scenarios on how to proceed and that the school board will be considering the process and working with the Town's 20/20 committee on a direction/plan.

Mr. Hart said that the only reason why he asked was if they decided to phase out this school – he wanted to know if the equipment could go for use in the other schools.

Mr. Lombardo said absolutely. He added that there are a lot of decisions that have to be made before they get there.

Mr. Kleinhans asked about the \$281,983 total technology buy and if they are speaking of leasing \$135,000 of that.

Mr. Lombardo said that they would be leasing \$175,000 of that and that the switches and servers are not included in that figure.

Mr. Kleinhans asked about the culinary lab equipment item for the not yet constructed culinary lab.

Mr. Meltabarger said that not much goes to that item.

Mr. Kelley asked about health insurance and questioned the \$93,000 contingency factor.

Mr. Kleinhans asked if they would have that figure.

Ms. Johnson said that she would provide it at the next meeting.

Mr. Lombardo said that they did not want to run behind as they had before.

Mr. Kleinhans asked Mr. Lombardo to explain to the people how the reduction in the work force notices is done.

Mr. Lombardo said that they have to make decisions on notifying people a month or two ahead of time and that typically it is the least senior people in the departments. For example: April 1st is the deadline by law that they have to notify potential lay-offs.

Mr. Kleinhans summed that the people who received the reduction in work force notices are typically non-tenured, part time or least senior in the departments.

Mr. Lombardo said that was correct and added that the budget itself includes two teaching position reductions. All of the reductions in work force are subject to the final enrollment numbers and the budget numbers that are passed.

Mr. Kelley asked about the figures on the budget to matching.

Mr. Meltabarger said that the budget is a fluid item and that the number in the red book that they had received is the correct one. He noted that the culinary arts figure in the budget is \$1,476.

Mr. Larcen asked about Account 437 and if drainage and the main transformer had come in lower than projected.

Mr. Lombardo said yes and added that when items break unexpectedly that they take from other areas. They have now frozen the budgets so that they can accommodate these types of items until the end of the year.

Mr. Meltabarger said that the transformer cost was reduced by \$20,000.

Mr. Larcen asked what constitutes capital to them as against the Town's policy, there is a difference.

Mr. Meltabarger said that they use \$10,000 as a mark.

Mr. Larcen explained that he is trying to determine if some of these items should be included in the Town's Board of Ed capital budget line item – such as the paving and transformer.

Mr. Kleinhans asked Mr. Meltabarger for a determination on the priority of the items.

Mr. Meltabarger said that most of the ADA items have three years to complete and that they are running up against that time now. He said that the asbestos abatement is the flooring.

Mr. Kleinhans asked if they were part of the ADA code.

Mr. Meltabarger said that some of the items came from the feasibility study when they had reviewed it.

Ms. Picarazzi said that she thinks that the last items on the list seem of less importance.

Mr. Meltabarger said that is a matter of opinion.

Mr. Larcen noted that there is \$13,000 left in the Board of Ed vehicle item.

Ms. Johnson said that they would have to go back and ask for authorization to spend it on other items as it was set aside for vehicles.

Mr. Larcen said that it is his understanding of the law that if anything is left in CNRE at the end of the year that it can be used for other items.

Mr. Hart asked Mr. Lombardo about the new SPED program presentation and the reduction of students each year – and if this was a good time to start a new program.

Mr. Lombardo said that it is a less expensive way to do business and better for the children to be kept in the district.

Mr. Kleinhans noted the \$420,000 they received on the Federal jobs bill and the \$103,000 that was used for this year leaving \$317,000. They have two people re-assigned and asked if they could use those dollars for teachers who are possibly facing lay-off.

Mr. Lombardo said possibly, but added that the new Coastal Connections Program with two critical positions one of which was the Social Worker and the other an Internship Coordinator who works with the businesses to incorporate the students into the community. They are critical to the new program to be able to bring in some three to five tuition paying students to keep the program going.

Ms. Picarazzi asked how many students were earmarked for the Coastal Connections Program.

Mr. Lombardo said 15 to 20 and that in the first year they would to be bringing in outside students.

Ms. Picarazzi asked the cost of this program.

Mr. Lombardo said that it is exactly the same as the current Alternative Education program outside of the two new positions outlined previously. The cost is some \$20,000 - \$25,000 per student.

Ms. Picarazzi said that she did not see an increase in administration but does see a 7.1% increase in the budget.

Mr. Lombardo said that the summary of management changes shows what has happened and that not all of the changes were incorporated in previous budgets but are shown in this one. \$123,000 is for one position – the SPED coordinator and there are 2.89% salary increases. The SPED position was previously paid from stimulus funds.

Mr. Picarazzi said that her concern was the figure when looking at teacher lay-offs.

Mr. Larcen asked what budget the \$51,000 in rental income goes to.

Ms. Johnson said that it goes into the CNRE. It comes from rents collected while school is in session. She added that she believes that they used some of those funds for the boiler project at the High School.

****MOTION (16)**

Ms. Picarazzi moved to close deliberation discussion on the Board of Education budget – 999.

Mr. Hart seconded the motion.

Vote: 6 – 0 – 0. Motion passed.

Mr. Kleinhans thanked the Board of Ed for the information that they had provided and said that they recognize that they cannot tell them where to cut and that they can only give them a collective figure by which to cut.

F. Public Discussion

Mr. Kleinhans called for any comments from the Public.

Karen Rak, 27 Black Point Rd., said that she would again encourage the individuals who want to see the Board of Ed do things in a certain way to go to them and tell them how they want the dollars spent as the Board of Finance does not have the purview to cut line items or to direct how they are handled. She said that if ever she has seen a shell game – the Administrator shell game that they have played here tonight is it. And – if they have eliminated something in order to grow something else – then they have not eliminated anything.

G. Board Comments

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

Mr. Larcen asked that they be provided with what the current mill rate generates based on current revenue.

H. Adjournment

Mr. Kleinhans called for a motion to adjourn.

****MOTION (17)**

Ms. Picarazzi moved to adjourn this Special Meeting of the East Lyme Board of Finance at 9:45 PM.

Mr. Hart seconded the motion.

Vote: 6 – 0 – 0. Motion passed.

Respectfully submitted,

Karen Zmitruk,
Recording Secretary