

**EAST LYME BOARD OF FINANCE
SPECIAL MEETING MINUTES
BUDGET REVIEWS
Tuesday, APRIL 13th, 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
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.

There were none.

D. Old Business

a. Any Outstanding Information

Mr. Kleinhans noted that Mr. Larcen prepared an outstanding item list. (copy attached)

Mr. Formica reported that the most recent information that he has received from the State is that there was to be no further municipal cuts this year and that the conveyance tax was extended for another two (2) years. Also various items came out of committee such as a Hotel Tax increase with 1% going to the Town and 2% to the local COG.

Mr. Larcen asked for an updated revenue picture based on what they would be getting from the State.

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

Mr. Kelley seconded the motion.

Vote: 6 – 0 – 0. Motion passed.

Ms. Marelli said that the only real change was \$300 more in line 242 – Professional Conferences/ Conventions as they are required to go to them. If for some reason they do not use it, it would remain there. Line 402 – Referendum/Primary at \$19,500 is for the referendum and the expected expense of one primary.

Mr. Larcen asked about line #412 – Deputies and noted that they have not spent that much. Ms. Marelli said that if they do not need it that they do not spend it, it depends upon how many they have. Mr. Larcen asked about line #201 – Telephones. Ms. Marelli said that the costs are estimated and that they use them for a referendum, primary and election and that again, if they do not need them, they do not use them.

****MOTION (2)**

Mr. Hart moved to close the budget review for Item 110 – Registrars.
Mr. Kelley seconded the motion.
Vote: 6 – 0 – 0. Motion passed.

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

****MOTION (3)**

Mr. Hart moved to open the budget review for Items 126 – Board of Finance.
Mr. Kelley seconded the motion.
Vote: 6 – 0 – 0. Motion passed.

Mr. Formica explained that there was an increase due to the increase in cost for the audit and a small amount for printing.

****MOTION (4)**

Mr. Kelley moved to close the budget review for Item 126 – Board of Finance.
Mr. Hart seconded the motion.
Vote: 6 – 0 – 0. Motion passed.

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

****MOTION (5)**

Mr. Kelley moved to open the budget review for Item 114 – General Government & Miscellaneous Benefits.
Mr. Hart 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 however; he would not say right now as they do not have the Board of Ed numbers yet. He noted that Workers Comp may be another issue as they were with CIRMA and then went to MERMA which is another of the same type of agency and have now moved back to CIRMA as their physical health is better. He said that he is attending a meeting on this to see where it falls and would get back to them with the information once he has it.

Ms. Johnson said that the Pension figure was calculated based on the January 1, 2009 valuation noting that unfortunately they do not receive the valuation numbers until after the budget is done.

Mr. Larcen asked how much of the \$610 pension figure was for the defined benefits plan and how much was for the defined contribution plan.
Ms. Johnson said that the breakdown is \$552,000 for defined benefits plan and \$56,000 for the defined contribution plan.

Mr. Langan asked Ms. Johnson for an explanation on the increase on the defined benefit portion.
Ms. Johnson said that it has to do with the salaries increase and a change in the valuation method from 7.5% to 7%.

Mr. Langan asked if they could share some of the thoughts that the pension committee has for increasing the returns.

Mr. Formica said that they hired a financial advisor and took this program out of the arena that it had been in for many years and that while it will stay with the Hartford family of funds; it will be with more equity.

Mr. Langan noted that as of the end of February that workers comp and pension were running under budget and asked if that was a timing issue.

Ms. Johnson said that workers comp is paid quarterly and that there is a recent payment that is not showing in the report that he is using and that they also just sent in the pension recently as they were waiting to make the changes with the Hartford. She said that they usually send in the pension payment in December.

Mr. Langan said that the legal line item – year to date seems to be running under budget.

Mr. Formica said that they are trying hard to keep it down however he thinks that it may creep up a bit due to some Boardwalk negotiations. He added that they have been trying to clean up some of the old, long-term items.

Mr. Larcen thanked Mr. Formica for his hard work in trying to bring this item under control and said that he thought that what he was hearing is that things are under control. It would look like with the exception of General Govt. that they may not need to fund as much in the line items.

Mr. Formica said that it is greatly reduced from previous times however; they have the Police contract coming up for negotiation in the new fiscal year and while the new labor attorney for the Town gets right to the point, they will still need some funding for that.

Mr. Formica noted that under Services – Contracted Operations that the P D & L Insurance figure should be pretty close. The \$6000 that was added by the Board of Selectmen is for vehicles that were not previously included. He also noted that the tax refund amount may be able to be adjusted.

Mr. Kleinhans asked if the increase under Operating Expenses in line 245 was due to an increase in membership fees.

Mr. Formica said that he believes that it is the SECTER dues that increased.

****MOTION (6)**

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

Mr. Harney seconded the motion.

Vote: 6 – 0 – 0. Motion passed.

◆ Contingency (120) – Paul Formica, First Selectman

****MOTION (7)**

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

Mr. Larcen seconded the motion.

Vote: 6 – 0 – 0. Motion passed.

Mr. Formica noted that this was reduced last year due to the deferred raises and that it was increase this year as the increases will take effect. Also, Ms. Hardy and other selectmen will meet to see what non-union and hourly personnel might get for the upcoming year. He said that he might be able to give them a better idea on this once the subcommittee meets.

Mr. Larcen asked about the firefighters and how many of them are subject to the increases.

Mr. Formica said that there are seven (7) full time firefighters who are operating under a one year contract.

Ms. Johnson added that they receive 2.5% in January and then another 2.5% in June which accounts for the 5% more.

****MOTION (8)**

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

Mr. Harney seconded the motion.

Vote: 6 – 0 – 0. Motion passed.

◆ CNRE, Capital (724), Long Range Capital Plan (CIP) and Debt Service Int. & Principal (522-523) – Paul Formica, First Selectman, Anna Johnson, Finance Director

Mr. Kleinhans called for a motion to open the four items together for discussion.

****MOTION (9)**

Mr. Hart moved to open the budget reviews for CNRE, Item 724 – Capital, CIP – Long Range Capital Plan and Item 522-523 – Debt Service Interest & Principal.

Mr. Larcen seconded the motion.

Vote: 6 – 0 – 0. Motion passed.

◆ **CNRE**

Mr. Formica noted that they had received a copy of the CNRE on legal sheets and that there is around \$800,000 in encumbrances.

Ms. Johnson noted that the \$800,000 has not yet been posted.

There was some discussion regarding the summary of the CNRE Fund 32 with further information on it to come.

◆ **Capital (724)**

Mr. Larcen said that one of his questions regarding the Capital Plan had to do with the reval as it is projected at \$250,000 over two years time for a half million dollars total. He said that he thought that they might request a deferment on it for a year.

Mr. Formica said that a number of Towns have asked for deferment on the reval and if they asked for it that would move the \$250,000 out a year and he thinks that the next budget year will be even more problematic than what they are facing now. There are also a number of homeowners in the beach area who were hit hard just before the market collapsed and this would put their properties more into perspective. He said that he is also looking to work with Waterford as they also need to do a reval and they are discussing going out to bid together for savings for both of the Towns.

Mr. Larcen asked if Waterford is due a year later how that would work out for them.

Mr. Formica said that this is a central area for them to park their staff and be able to work from.

Mr. Larcen said that he is very supportive of the regional approach and trying to work together to save dollars for both Towns.

Mr. Formica recapped the items that are in the capital list for the upcoming year such as replacing the carpet in the Community Center, installing an automated time clock that will save a lot of hours for staff and that will also combine locations within the new building (Public Works and Parks & Recreation), and a walking path at Peretz Park. He explained that the Niantic Fire Dept, pumper truck at \$150,000 (each year over three years for \$450,000 total) will come out and he will recommend bonding this item. They will sell the old pumper truck.

Mr. Hart asked why the Flanders Fire Department turnout gear at \$5000 is in capital and not in their regular budget.

Mr. Formica said that it has routinely been in capital.

Mr. Larcen noted that under Public Works acquisition program equipment that there was a breakdown and description of the items and the amount for them. He asked that they also identify the vehicles for Parks & Recreation and others in the same manner. He asked that they provide a schedule of all of the vehicles so that they will know what comes due and when and also the two police cruisers.

Mr. Larcen said that he noticed that in the past they put great emphasis on road replacement and that he does to see it listed now.

Mr. Formica said that it is going to be a bonded issue.

Mr. Larcen noted that the CNRE listing might be able to be designated towards some of these items and that they could suggest where the monies might go.

◆ **Long Range Capital Plan - CIP**

Mr. Formica said that they have gone through this many times and that he thinks that in the five year plan that they could implement most of the items except for year five which may prove to be difficult.

Mr. Larcen said that the Board of Ed – given the number of facilities does not have much going towards infrastructure issues.

Mr. Formica said that he hopes that they have been keeping up with them. He added that they will do the boiler this year. They have also looked into a community complex. The Vision Committee is looking at all of that and they are hoping to have a study done in an 8 to 10 month period.

Mr. Harney said that he recalled that there was someone with a lot of knowledge helping with the study. Mr. Formica said yes there is.

Mr. Langan recalled that last year in the CIP they had discussed another way to enter Flanders School. Mr. Formica said that they are calling it the turf field entrance and that there is a committee identifying the safety issues involved with this.

Mr. Langan said that he asked as the traffic light is there and the bleachers.

Mr. Formica said that the traffic light is a stand alone item.

◆ **Debt Service Interest & Principal (522-523)**

Mr. Formica said that the reduction in debt service goes from \$6.1M to \$5.4M for the next fiscal year. They expect to feather in the vehicle acquisitions so that it remains flat and gives the Town some capital items that it can use.

****MOTION (10)**

Mr. Hart moved to close the budget reviews for CNRE, Item 724 – Capital, CIP – Long Range Capital Plan and Item 522-523 – Debt Service Interest & Principal.

Mr. Larcen seconded the motion.

Vote: 6 – 0 – 0. Motion passed.

b. Budget Deliberations – Start Discussion

Mr. Formica noted that there would be a \$38,000 savings from the Emergency Management budget increase due to the reduction in the request for an additional 2 full time people to 1 full time person.

Mr. Kleinhans said that there should also be some \$15,000 more in savings for the benefits for the new employee reduction. He asked if there is a need for the addition of two (2) part time people.

Mr. Formica said that he thought that they were needed but that he would check and get back to them.

Mr. Larcen asked for further clarification on that staffing and also information on regionalization and if it would be beneficial or not.

Mr. Formica said that they would need to think the whole process through as there are different models out there. He added that he is requesting a 'regional' resident trooper presentation and is also trying to put together a proposal of sorts that would encompass four Towns.

Mr. Kleinhans asked the preference of the Board on deliberations and how they would like to start.

Mr. Larcen said that he likes to start with revenues and then see what the gap is and then work backwards. He noted the 98.4% ax collection rate and asked if they could have an update from the Tax Collector on the collections.

Other areas of reduction noted were –

Dept. 218, line 611 – Flanders Fire Dept. reduce by \$5000

Dept. 224, line 212 – Emergency Management reduce by \$39,863

Long Range Capital Plan – CIP – Flanders Fire Department – reduce by \$150,000

Dept. 129, line 293 – Planning Commission – State Fees – reduce by \$1000

Dept. 116, line 293 – Zoning Commission – State Fees – reduce by \$8000

Dept. 132, line 293 – Inland Wetlands – State Fees – reduce by \$2000

Mr. Hart suggested that they move the changes so that they would be starting with an updated listing for further deliberations.

****MOTION (11)**

Mr. Hart moved to open discussion on the Long Range Capital Plan (CIP), and Capital (724).
Mr. Harney seconded the motion.
Vote: 6 – 0 – 0. Motion passed.

****MOTION (12)**

Mr. Larcen moved to reduce Dept. 218 to zero from \$150,000 in CIP and line 460 in Capital (724) to zero from \$150,000.
Mr. Hart seconded the motion.
Vote: 6 – 0 – 0. Motion passed.

****MOTION (13)**

Mr. Hart moved to close discussion on the Long Range Capital Plan (CIP), and Capital (724).
Mr. Kelley seconded the motion.
Vote: 6 – 0 – 0. Motion passed.

****MOTION (14)**

Mr. Larcen moved to open discussion on the Flanders Fire Dept. (218).
Mr. Langan seconded the motion.
Vote: 6 – 0 – 0. Motion passed.

****MOTION (15)**

Mr. Kelley moved to reduce line 614 – Overtime by \$5000 in Dept. 218.
Mr. Harney seconded the motion.
Vote: 6 – 0 – 0. Motion passed.

****MOTION (16)**

Mr. Larcen moved to close discussion on the Flanders Fire Dept. (218).
Mr. Langan seconded the motion.
Vote: 6 – 0 – 0. Motion passed.

****MOTION (17)**

Mr. Larcen moved to open discussion on the Planning Commission (129).
Mr. Langan seconded the motion.
Vote: 6 – 0 – 0. Motion passed.

****MOTION (18)**

Mr. Kelley moved to reduce line 293 in Dept. 129 by \$1000 to zero.
Mr. Hart seconded the motion/
Vote: 6 – 0 – 0. Motion passed.

****MOTION (19)**

Mr. Larcen moved to close discussion on the Planning Commission (129).
Mr. Harney seconded the motion.
Vote: 6 – 0 – 0. Motion passed.

****MOTION (20)**

Mr. Larcen moved to open discussion on Inland Wetlands (132).
Mr. Langan seconded the motion.
Vote: 6 – 0 – 0. Motion passed.

****MOTION (21)**

Mr. Kelley moved to reduce line 293 in Dept. 132 by \$2000 to zero.
Mr. Hart seconded the motion.
Vote: 6 – 0 – 0. Motion passed.

****MOTION (22)**

Mr. Larcen moved to close discussion on Inland Wetlands (132).
Mr. Harney seconded the motion.

Vote: 6 – 0 – 0. Motion passed.

****MOTION (23)**

Mr. Larcen moved to open discussion on Emergency Management (224).

Mr. Langan seconded the motion.

Vote: 6 – 0 – 0. Motion passed.

****MOTION (24)**

Mr. Kelley moved to reduce line 212 by \$39,863.

Mr. Hart seconded the motion/

Vote: 6 – 0 – 0. Motion passed.

****MOTION (25)**

Mr. Larcen moved to close discussion on Emergency Management (224).

Mr. Harney seconded the motion.

Vote: 6 – 0 – 0. Motion passed.

****MOTION (26)**

Mr. Larcen moved to open discussion on the Zoning Commission (116).

Mr. Langan seconded the motion.

Vote: 6 – 0 – 0. Motion passed.

****MOTION (27)**

Mr. Kelley moved to reduce line 293 in Dept. 116 by \$8000 to zero.

Mr. Hart seconded the motion/

Vote: 6 – 0 – 0. Motion passed.

****MOTION (28)**

Mr. Larcen moved to close discussion on the Zoning Commission (116).

Mr. Harney seconded the motion.

Vote: 6 – 0 – 0. Motion passed.

Mr. Kleinhans noted that this represents approximately \$205,000 in reductions.

F. Public Discussion

Mr. Kleinhans called for any comments from the Public.

Karen Rak, 27 Black Point Rd., said that she thought that they could go to the State Department of Education website and find out the exact amount of ECS monies.

G. Board Comments

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

Mr. Larcen asked that they amend their April 19, 2010 Budget Deliberations special Meeting Agenda to start at 7 PM rather than 6:30 PM.

Mr. Kleinhans asked that the change be made.

H. Adjournment

****MOTION (29)**

Mr. Langan moved to adjourn this Special Meeting of the East Lyme Board of Finance at 9:15 PM.

Mr. Harney seconded the motion.

Vote: 6 – 0 – 0. Motion passed.

Respectfully submitted,

Karen Zmitruk,
Recording Secretary