

**EAST LYME BOARD OF FINANCE
SPECIAL MEETING MINUTES
BUDGET DELIBERATIONS
Monday, APRIL 19th, 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
 James Lombardo, Superintendent of Schools
 Don Meltabarger, School Business Manager

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 7:00 PM.

B. Pledge of Allegiance

The Pledge was observed.

C. Delegations

Mr. Kleinhans called for Delegations.

Robert Gadbois, 358 Boston Post Road said that he has a pension and is on Social Security and that he did not get a raise this year – the Government voted on it and said that they did not need a Social Security raise. He suggested that they give the Board of Ed the same. He said that at last week Wednesday’s meeting that he heard that the Board of Ed is short some money for health insurance – well - they have \$5000 for artificial turf that they found because they did not use it for snow blowers – why not put that money towards the health insurance shortage instead.

D. Old Business

a. Any Outstanding Information

Mr. Kleinhans asked if there was follow-up information that they were waiting on.

Mr. Larcen said that there was Health Insurance information that was outstanding.

Mr. Kleinhans asked Ms. Johnson for the numbers on the health insurance as some were high and some low and they were not sure about the Board of Ed.

Ms. Johnson said that the General Fund is high by about \$140,000 and the Board of Ed is low by about the same amount of \$140,000.

Mr. Larcen asked Ms. Johnson if there is a specific amount as they need the specifics in order to deliberate on the budget.

Ms. Johnson said that she has the funding amounts.

Mr. Kleinhans asked that a copy be provided to everyone as they need to know the figures.

Ms. Johnson passed out the information and explained how much is needed and where the various funding will come from.

Mr. Kleinhans asked if in order to solve the shortage on the Board of Ed side, they could transfer out the extra on the Town side that they thought they would be able to reduce the budget by, to the Board of Ed side.

Ms. Johnson said, yes - that they could reduce the Town budget by the amount and increase the Board of Ed budget by the same amount.

Mr. Kleinhans asked how they are this year for allocations and if the situation was similar and who covered the shortage amount that the Board of Ed has.

Ms. Johnson and Mr. Meltabarger said that the Board of Ed was \$357,000 short and that the Town funded its' part but the Board of Ed put in less than they should have.

Mr. Kleinhans asked where the Board of Ed is now or will be for year end this year with health insurance.

Mr. Lombardo, Superintendent of Schools said that he was not here last year at this time and that he understands that last year they reduced that item by \$250,000 and that it was incorrect and compounded a previous inaccuracy causing a \$350,000 shortage. He said that his understanding is that the health insurance reserve should be able to cover the \$357,000 shortage. He said that he would agree with reconciling the upcoming year by increasing the Board of Ed side and decreasing the Town's side to have this issue straightened out going forward. He noted that he expects to end this fiscal year in the black due to the freeze that was put on many items earlier this year.

Mr. Kleinhans asked if the \$357,000 shortfall is going to be fixed with the monies that he expects to save.

Mr. Larcen explained that they are using up reserve to cover the \$250,000 shortage.

Mr. Lombardo said that he understands that the Health insurance reserve for the Town and Board of Ed is covering the entire \$357,000 shortage.

Mr. Harney asked how much money was in the health reserve.

Ms. Johnson said that there is \$932,000.

Mr. Formica said that he is totally surprised to hear this figure of \$357,000 as it is the first time that it has been brought up.

Mr. Larcen said that it sounds like the shortfall is being resolved by depleting the health reserve.

Mr. Formica said that with a \$357,000 shortfall and the \$143,000 projected for the upcoming year that you are looking at nearly a \$500,000 shortfall on the Board of Ed side and this is the first that he has heard of it.

Mr. Kleinhans asked Mr. Formica if the FY 2010/2011 is accurate at the \$140,000 for a surplus on the Town side to zero out the Board of Ed shortfall of \$140,000.

Mr. Formica said that if they take out the \$357,000 that has come up tonight then the \$140,000 was what he projected.

Mr. Meltabarger passed out information on how they arrived at the \$357,000 shortfall and the new shortfall of \$142,620.27 for the upcoming year.

Mr. Kleinhans said with respect to the FY 2010-2011 that if they agree, they can transfer out from the Town's side to the Board of Ed.

Mr. Hart asked when they would fix the other shortage.

Mr. Kleinhans and Mr. Larcen said that they could take that up at the next regular meeting of the Board.

Mr. Hart said that he would like to know why they have such a large shortfall.

Mr. Langan asked how they would transfer the monies.

Mr. Formica said that it is all payable to Anthem so they would transfer it in and pay it to them.

****MOTION (1)**

Mr. Hart moved to decrease account #01-01-114-100-127 (Health Insurance) by \$143,423.

Mr. Kelley seconded the motion.

Vote: 6 – 0 – 0. Motion passed.

Mr. Kelley said that what they essentially have with the \$357,000 shortfall is a reduction in the health insurance reserve by 33%.

****MOTION (2)**

Mr. Larcen moved to increase the Board of Ed #200 Benefits Line 201 – Health Insurance by \$143,423.

Mr. Hart seconded the motion.

Vote: 6 – 0 – 0. Motion passed.

E. New Business

a. Budget Deliberations – Continue Discussion and Finalize for Public Hearing on Monday 4/26/2010

Mr. Kleinhans asked for the proposed tax and budget analysis showing the \$400,000 shortfall. He noted that Mr. Larcen had prepared the property tax analysis and emailed it to them.

Mr. Larcen noted that there is a \$400,000 reduction in the levy compared to the budget and asked Mr. McCulloch, Tax Collector if he thought that Ms. Johnson's projection of collecting another \$400,000 through the end of this fiscal year is reasonable.

Mr. McCulloch said that he thought that it was reasonable.

Mr. Larcen noted that they have lost some ground by correcting some numbers after the appeals were heard and said that he would suggest adjusting the collection rate from 98.4% to 98.2% as they had a \$2M reduction in the grand list this year and they probably would not see that next year.

Mr. Kleinhans said that his personal feeling is that a budget assumes certain collection rates and that there are going to be fluctuations that you take care of during the year. He said that he would reduce the figure by the \$114,000 which would bring the figure to 19.88 mill rate rather than the 19.832 mil rate.

Mr. Kleinhans asked if there was discussion on other items –

Mr. Formica noted the CNRE interest item of \$244,304 and asked if they had any recommendations on that.

Mr. Larcen said that he would suggest and support using the \$244,000 in interest for the funding of the reval at \$225,000 and the \$59,670 in LoCIP Town Clerk for Town CIP projects such as sidewalks at \$50,000. He said that he would support funding such items as the interest that they are getting is very low.

Mr. Formica said that he would agree but recalled that they were waiting to see if the numbers that are on the CNRE Fund 32 Summary are correct.

Ms. Johnson said that she would certify that the interest and LoCIP Town Clerk amounts are correct but the others she has not had the chance to research as carefully. She added that she would like to keep some money there for items that come up unexpectedly that they need.

Mr. Kleinhans said that he felt that there is some room in the reval number as he has information on what the figures have been coming in at – which is lower.

Mr. Formica said that the only reason why he wants to fund the reval this year rather than next year is because next year will invariably be much worse than this year.

****MOTION (3)**

Mr. Hart moved that if the bid comes in at \$400,000 on reval that they would reduce the amount to \$200,000 each year (reducing it by \$50,000 each year) and earmark the FY 10/11 payment (\$200,000) from CNRE Interest.

Mr. Kelley seconded the motion.

Mr. Formica asked if the interest could be transferred to revenue and to then use it as revenue rather than in this way.

Ms. Johnson said that the reval project gets transferred from another fund.

Mr. Larcen offered the following amendment of MOTION (3):

****MOTION (3) AMENDED**

'Moved to reduce account #724 by \$250,000 for reval and to request that the CIP Plan be revised to show \$200,000 for this years' reval funded by interest in the CNRE Interest line item.'

Mr. Hart accepted the amendment of MOTION (3)

Mr. Kelley seconded the amended Motion.

Mr. Kleinhans called for a vote on the amended MOTION (3).

Vote: 6 – 0 – 0. Motion passed.

Mr. Kleinhans called for a motion on the LoCIP CNRE monies.

****MOTION (4)**

Mr. Larcen moved to reduce the Capital Account #724 by \$50,000 for sidewalks and to fund that \$50,000 from CNRE Fund 32 line item LoCIP Town Clerk funds.

Mr. Langan seconded the motion.

Vote: 6 – 0 – 0. Motion passed.

Mr. Larcen mentioned that they would have LoCIP funds of \$120,000 coming in during the current year and that they have the Bridebrook path and a parking lot that could be funded by those funds.

Mr. Formica said that he was concerned with prioritizing and taking away the opportunity for the Public Works Director to make those decisions.

****MOTION (5)**

Mr. Larcen moved to take the perimeter path and parking lots out of the capital budget and to leave them in the capital plan funded by \$100,000 from LoCIP funds.

Mr. Hart seconded the motion.

Vote: 6 – 0 – 0. Motion passed.

Mr. Formica asked if they have reduced Account 724 by \$400,000.

Mr. Larcen said yes.

Mr. Formica summed that the total reduction so far today was \$400,000 plus the \$200,000 from before on the Town budget.

Mr. Larcen said that he had a figure of \$658,000 total.

Mr. Kleinhans noted that they are also decreasing the revenues by \$114,000.

****MOTION (6)**

Mr. Larcen moved that they take a five minute recess to update.

Mr. Hart seconded the motion

Vote: 6 – 0 – 0. Motion passed.

****MOTION (7)**

Mr. Langan moved to open discussion on the Parks & Recreation budget #421.

Mr. Hart seconded the motion.

Vote: 6 – 0 – 0. Motion passed.

Mr. Langan noted that they had left this with the issue of the new Special Revenue Fund program. He asked what process would be in place for approving money from the Special Fund.

Mr. Formica said that there is a letter in the budget that is fairly specific on how the money would be used.

Mr. Larcen said that they received additional information in their last packet and asked who determines the 75% - 25% split as it seems that the Board of Finance should determine those funds. He noted that for the current year, they show a good profit however in their projections for next year, they are showing more spending but less income than this year and while he likes the novel approach, he said that he is nervous about losing \$40,000 in revenues. He said that he understands the theory but not the process and asked how they would get the money as they would not know everything until the year ends and everything is tabulated.

Mr. Harney said that he understands the spirit and asked what duties they have to let the Town know what they are doing.

Mr. Formica said that the packet from Mr. Putnam said that they would report quarterly to Finance and the Board of Selectmen and they can ask him to come as frequently as they would like.

Mr. Kelley said that he is satisfied with the presentation and with the program.

Mr. Larcen asked if there is anything in the budget for revenues.

Mr. Formica and Ms. Johnson said yes, there is \$10,000 which was based on past programs and on what they think will happen in FY 2010/2011.

Mr. Hart said that he agrees with Mr. Kelley and would accept this split for the first year and would like to get a monthly report from Mr. Putnam.

****MOTION (8)**

Mr. Hart moved to accept the Parks & Recreation Special Revenue Fund Program as presented with monthly reports to the Board of Finance.

Mr. Harney seconded the motion.

Mr. Larcen said that he would like to present an amendment to the motion that the revenue share be split 50%-50% for the first year.

Mr. Langan seconded the amendment to the motion.

Mr. Kelley said that he disagrees and thinks that as it is a trial year that they should let it go at the 75%-25% split on the revenue and then change it after that if they feel that they need to.

Mr. Harney agreed that they should treat this as a trial program and keep it in that manner.

Mr. Kleinhans concurred with the split presented with the program noting that if they are making too much that it could be changed in the future.

He then called for a vote on the amendment to the motion.

Vote on amendment: 2 – 4 – 0. Amendment failed.

For: Mr. Larcen, Mr. Langan

Against: Mr. Harney, Mr. Hart, Mr. Kelley, Mr. Kleinhans

Vote on the Motion: 5 – 1 – 0. Motion passed.

For: Mr. Harney, Mr. Hart, Mr. Kelley, Mr. Kleinhans, Mr. Langan

Against: Mr. Larcen

****MOTION (9)**

Mr. Kelley moved to close discussion on budget 421 – Parks & Recreation.

Mr. Hart seconded the motion.

Vote: 6 – 0 – 0. Motion passed.

****MOTION (10)**

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

Mr. Larcen seconded the motion.

Vote: 6 – 0 – 0. Motion passed.

Mr. Kelley said that while he realizes that they have taken zero salary increases that he sees some areas where perhaps now is not the time to do certain things such as with training and would like to decrease their budget.

****MOTION (11)**

Mr. Kelley moved to decrease the Board of Education budget by \$200,000.

Mr. Hart seconded the motion.

Mr. Larcen said that he would like to make comments on the revenue side as they have one revenue item that can be added to the budget in the amount of \$40,741 and they can increase the SPED from 70% to 85% which would add \$130,000 to revenue. Both of those items would account for \$170,000 more in revenue.

Mr. Lombardo said that while he appreciates what Mr. Kelley has said that he would reduce another staff member before he would reduce professional development as they have nine (9) new staff and 70% with less than 10 years of service which makes professional development critical at this point. They will also see a modest savings from it so he would agree with what Mr. Larcen has proposed as it would come near to what Mr. Kelley has proposed with the \$200,000 decrease.

Mr. Larcen said that he would like to make an amendment to the motion: that the ARA Line item revenue be increased by \$40,741 and that the amount projected for ECS of \$613,187 be increased by \$130,000 to \$743,197 and that they cut expenses by \$30,000 to make the \$200,000.
Mr. Langan seconded the amendment to the motion.

Mr. Kleinhans said that the amendment represents a \$200,000 adjustment to revenue and expenses. He then called for a vote on the amendment to the motion.

Vote on amendment: 6 – 0 – 0. Amendment passed.

Vote on the Motion: 6– 0 – 0. Motion passed.

****MOTION (12)**

Mr. Larcen moved to close discussion on budget #999 - Board of Education.
Mr. Langan seconded the motion.
Vote: 6 – 0 – 0. Motion passed.

****MOTION (13)**

Mr. Larcen moved to open discussion on the Building Department budget #104.
Mr. Hart seconded the motion.
Vote: 6 – 0 – 0. Motion passed.

Mr. Larcen said that they have had discussion on this at previous meetings and that he thinks that line 212 – Building Official which is for extra help when needed is high and would recommend that they cut that line item by \$12,000. That would leave him the latitude of \$10,237 in the event that things pick up.

Mr. Harney asked if there was any feedback on this.

Mr. Formica said that a cut was recommended but not to the extent of what Mr. Larcen is suggesting.

Mr. Hart said that when the Building Official was here that he had said that the AHEPA project would take some extra time in inspections. He said that he would suggest cutting that line item by \$10,000.

****MOTION (14)**

Mr. Larcen moved to cut line item 212 – Building Official by \$10,000 to \$12,237.
Mr. Kelley seconded the motion.
Vote: 6 – 0 – 0. Motion passed.

****MOTION (15)**

Mr. Hart moved to close discussion on budget #104 - Building.
Mr. Larcen seconded the motion.
Vote: 6 – 0 – 0. Motion passed.

Mr. Kleinhans asked for a projected tally on where they stood.

Ms. Johnson said that they had reduced the budget by \$610,741 tonight and that they also had to subtract \$114,000 from the revenue side for the supplemental auto.

Mr. Kleinhans said that he thought that put them close to 19.57mill.

Mr. Formica said that General Government 114, MIRMA was going to need \$25,000 added to it.

****MOTION (16)**

Mr. Kelley moved to open discussion on #114 – General Govt. Misc. & Benefits.
Mr. Hart seconded the motion.
Vote: 6 – 0 – 0. Motion passed.

****MOTION (17)**

Mr. Kelley moved to add \$25,000 to line #123 – Workers Compensation for a total of \$270,450.
Mr. Larcen seconded the motion.
Vote: 6 – 0 – 0. Motion passed.

****MOTION (18)**

Mr. Larcen moved to decrease 140 – Legal Services, Line 236 – Labor PS by \$20,000 and Line 234 - Zoning by \$5000.
Mr. Langan seconded the motion.
Vote: 6 – 0 – 0. Motion passed.

****MOTION (19)**

Mr. Larcen moved to decrease 200-Services Contracted/Operations Line 296 – Tax Refunds by \$15,000 to zero.
Mr. Langan seconded the motion.
Vote: 6 – 0 – 0. Motion passed.

****MOTION (20)**

Mr. Kelley moved to close discussion on #114 – General Govt. Misc. & Benefits.
Mr. Hart seconded the motion.
Vote: 6 – 0 – 0. Motion passed.

****MOTION (21)**

Mr. Kelley moved to open discussion on #317 – Public Works.
Mr. Larcen seconded the motion.
Vote: 6 – 0 – 0. Motion passed.

Mr. Kelley suggested that they could reduce line 296 – Bulky Waste Trans & Tipping by \$30,000 as they have only spent 38% to date this year.

Mr. Larcen suggested that they reduce it by \$20,000 as they have the flooding issues with extra refuse. He asked Mr. Formica if he had more information on this.
Mr. Formica said that Mr. Giannattasio said that the bulky waste will increase as the average of the last two years is \$139,000 so if they were to cut \$20,000 - \$30,000 from that line item they would cut it to below the average.

Mr. Kleinhans said that there would be a spike in the spring season and they are just coming into it. He suggested that the cut be \$15,000 which would bring it from \$150,000 to \$135,000.

****MOTION (22)**

Mr. Kelley moved to decrease line 296 – Bulky Waste Trans & Tipping by \$15,000 to \$135,000.
Mr. Larcen seconded the motion.
Vote: 6 – 0 – 0. Motion passed.

Mr. Larcen asked about the staffing on the single stream and the efficiencies that would be created and noted that the Overtime is increased and asked if there was some opportunity for an adjustment to that line item.

Mr. Formica said that he thought that Mr. Giannattasio was going to use some of it for the storm overtime if needed and for the new building.

Mr. Kelley suggested that they leave that alone and give him some flexibility.
Mr. Larcen noted that the TAR (Town Aid Roads) has increased by \$44,000.

****MOTION (23)**

Mr. Larcen moved to increase line 500-224 – TAR (Town Aid Roads) by \$44,063 to reflect the increased State aid.
Mr. Langan seconded the motion.
Vote: 6 – 0 – 0. Motion passed.

Mr. Larcen noted line 310-221 – Fleet Fuel and said that while there will be some price inflation on fuel that he thought that there could be some \$5000 to \$10,000 in excess here.

Mr. Kleinhans asked Mr. Formica how they buy fuels.

Mr. Formica said that they bought in bulk through 12/31/2010 and that the figure was higher than what they bought at for this year.

****MOTION (24)**

Mr. Larcen moved to decrease line 310-221 – Fleet Fuel by \$10,000.

Mr. Langan seconded the motion.

Vote: 6 – 0 – 0. Motion passed.

****MOTION (25)**

Mr. Larcen moved to close discussion on #317 – Public Works.

Mr. Hart seconded the motion.

Vote: 6 – 0 – 0. Motion passed.

****MOTION (26)**

Mr. Larcen moved to open discussion on #224 – Emergency Management.

Mr. Langan seconded the motion.

Vote: 6 – 0 – 0. Motion passed.

****MOTION (27)**

Mr. Larcen moved to decrease line 224-214 – Overtime by \$5000.

Mr. Hart seconded the motion.

Vote: 6 – 0 – 0. Motion passed.

****MOTION (28)**

Mr. Larcen moved to close discussion on #224 – Emergency Management.

Mr. Hart seconded the motion.

Vote: 6 – 0 – 0. Motion passed.

Mr. Larcen mentioned the building permit revenues and suggested that they could be increased by \$10,000.

****MOTION (29)**

Mr. Larcen moved to increase line #01-05-500-501 by \$10,000.

Mr. Langan seconded the motion.

Mr. Harney said that he supports the increase and thinks that it is reasonable.

Vote: 6 – 0 – 0. Motion passed.

****MOTION (30)**

Mr. Larcen moved for a five minute recess.

Mr. Harney seconded the motion.

Vote: 6 – 0 – 0. Motion passed.

Mr. Kleinhans noted that they were back in session.

Mr. Larcen asked for an update on where they stood.

Ms. Johnson said that they would need to make a FICA reduction of \$4,079.

****MOTION (31)**

Mr. Larcen moved to open discussion on #114 – Government Misc. & Benefits.

Mr. Hart seconded the motion.

Vote: 6 – 0 – 0. Motion passed.

****MOTION (32)**

Mr. Larcen moved to decrease 100 – Personnel Services line 121 – FICA/Medicare by \$4,079.

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

****MOTION (33)**

Mr. Larcen moved to close discussion on #114 – Government Misc. & Benefits.
Mr. Hart seconded the motion.
Vote: 6 – 0 – 0. Motion passed.

****MOTION (34)**

Mr. Larcen moved to increase revenue line item 01-07-700-000 – Investment Earnings by \$10,000 to \$75,000.
Mr. Langan seconded the motion.
Vote: 6 – 0 – 0. Motion passed.

Mr. Larcen asked for an update.
Ms. Johnson said that they are at 19.568 mills.
Mr. Larcen said that represents approximately a 2% increase in the mill rate.

****MOTION (35)**

Mr. Hart moved to open discussion on #216 - Police.
Mr. Larcen seconded the motion.
Vote: 6 – 0 – 0. Motion passed.

Mr. Hart suggested that they could reduce the overtime line item by \$5000.
Mr. Larcen said that they would come up short by his calculations.
Mr. Formica said that they fully expect the overtime budget not to be able to support the need.

Mr. Hart and Mr. Larcen asked about the boat overtime.
Mr. Formica said that they would need that with all of the Amtrak work that is in progress.

****MOTION (36)**

Mr. Kelley moved to close discussion on #216 - Police.
Mr. Larcen seconded the motion.
Vote: 6 – 0 – 0. Motion passed.

Mr. Kleinhans said that they have cut some \$800,000 from the budget and asked Ms. Johnson what the final budget number is.
Ms. Johnson said that it is \$60,810,371.
Mr. Kleinhans asked if there was any other discussion and if they were ready to move the budget.

****MOTION (37)**

Mr. Larcen moved that a FY 2010-2011 budget in the amount of \$60,810,371 be moved to Public Hearing on April 26, 2010 at 7 PM in the High School Auditorium.
Mr. Hart seconded the motion.
Vote: 6 – 0 – 0. Motion passed.

Mr. Kleinhans thanked everyone for their hard work.

F. Public Discussion

Mr. Kleinhans called comments from the Public.

Mike Schulz, Lovers Lane said that at the last meeting he asked a question on the total bonded debt of the Town and what the cost per taxpayer would be. He said that he was hoping for that answer tonight. Also, regarding the Bridebrook track, he said that he is not sure what the dollars are that are set aside for that item but there are a lot of roads that are in real need of repairs and he would rather see the money spent on needs than wants.

Karen Rak, 127 Black Point Rd. said that she would like to see the budget in its entirety on the Town website as soon as possible so that people can review it prior to the Public Hearing.

G. Board Comments

Mr. Kleinhans asked Ms. Johnson if she would have the budget put on the Town website before the Public Hearing.

Ms. Johnson said that she would try.

H. Adjournment

****MOTION (38)**

Mr. Harney moved to adjourn this Special Meeting of the East Lyme Board of Finance at 10:25 PM.

Mr. Larcen seconded the motion.

Vote: 6 – 0 – 0. Motion passed.

Respectfully submitted,

Karen Zmitruk,
Recording Secretary