

**EAST LYME BOARD OF SELECTMEN
SPECIAL MEETING MINUTES
Friday, MARCH 8th, 2013**

FILED IN EAST LYME
CONNECTICUT

March 12th 2013 AT 9:55 AM/PM
Bradley D. Horem ATC
EAST LYME TOWN CLERK

PRESENT: Paul Formica, Mark Nickerson, Holly Cheeseman, Rose Ann Hardy,
Kevin Seery, Rob Wilson

ALSO PRESENT: Anna Johnson, Finance Director
William Scheer, Acting Public Works Director
Victor Benni, Acting Town Engineer
Chuck Holyfield, Highway/Sanitation Superintendent

EXCUSED: No One

1. Call to Order

First Selectman Paul Formica called this Special Meeting of the East Lyme Board of Selectmen to order at 3:15 PM and led the assembly in the Pledge of Allegiance.

He noted that Mr. Wilson and Mr. Seery would be joining them after their work day ends.

2. Sign Call – Amend Town Meeting – Equipment – Port Security Proposal

Mr. Formica said that they needed to add this \$29,000 for the ATV's and Jet Skis for Cini Park that they had approved at their February 20, 2013 meeting of the Board. They would make this Item 3 on the call and the current Item 3 would become Item 4.

****MOTION (1)**

Mr. Nickerson moved to Amend the March 20, 2013 Notice of Special Town Meeting to add Item 3. to read: To appropriate the amount of \$29,000 to budget account 01-70-725-224-006 (NSEP – Equipment) and corresponding revenue account 01-04-400-401 NSEP) Grants to purchase the equipment noted in the Port Security Proposal Town of East Lyme to include three (3) 2012 Polaris 500CC ATV's with storage boxes and safety gear and one (1) 2012 Yamaha VX1100A-MA Jet Ski including Coast Guard Safety Package and associated trailer. (Copy of Amended Meeting Call Attached)

Ms. Cheeseman seconded the motion.

Vote: 4 - 0 - 0. Motion passed.

3. Approval of 2013/2014 Budget

Mr. Formica said that they had added some cuts from their previous meeting on Wednesday evening and the total in cuts is now \$662,268. The new totals are: General Govt. - \$15,634,383; Debt Service - \$4,781,959; Capital - \$1,170,399 and the Board of Ed with a pass through at \$42,591,731 as they cannot alter that budget. He provided everyone with a summary of the adjustments and the information he had just given. (Copies attached) He noted that the revenue sheets that he had provided them with at their previous meeting are the most current. He asked if there was any discussion.

Ms. Hardy asked which departments the cuts listed on lines 20 and 23 represented.

Mr. Formica said that line 20 was the COLA increase for the Director of Public Safety/Emergency Management that they had approved on February 6, 2013 as well as a reduction in the transportation allowance and line 23 was for Parks & Recreation – the COLA increase for the Director and decreases in PT Seasonal Labor and Misc. Supplies line items. He reviewed the remainder of the list of Board of Selectmen Budget Adjustments.

He said that there are some revenues that they can control and they have taken into effect the Governor's proposal on the Pequot Fund's loss of \$291,000 that is being added to LoCIP. He noted that this is also the first time that LoCIP is including the Board of Ed buildings in the use of the dollars. The Board of Ed is proposing approximately \$200,000 for buildings which would represent approximately half of the LoCIP monies. There is also \$54,000 in a Hold Harmless Grant put in by the Governor to get the bottom line to zero. The Governor's budget also shows a \$749,952 reduction in PILOT with an increase of \$772,000 to ECS. The \$749,000 is supposed to have 'no strings attached' which would mean that they could move it from ECS to PILOT and also keep the extra \$30,000 in ECS. Right now there are 'no strings' so they are assuming that this is what they can do to keep the funding the same as last year.

This year they used \$350,000 from fund balance in revenue and are proposing using \$300,000 in the new fiscal year. The fund balance as of June 30, 2012 was 7.8% which is a good fund balance.

The only other wild card is the Governor's proposal on the cars valued at \$20,000 or less. This would represent a \$2.4M loss in revenues. If this loss was shifted to the homeowners – it would represent approximately \$220 more in taxes to each home.

Mr. Formica called for discussion on the budget.

Ms. Hardy asked Mr. Formica if he had testified on this.

Mr. Formica said that he did and that he was #12 on the list of well over 100 Town leaders who signed up to speak. The legislature is looking at it as a shifting to property tax that the homeowners would pay to make up the difference.

Ms. Hardy asked if they should send a follow-up letter.

Mr. Formica said that he has spoken with Representative Jutilla and others and was told that this would not be done in the form that they now see.

Ms. Cheeseman noted that at a recent event that she was seated next to Mayor Finizio of New London who said that his city would lose \$1.8M in tax dollars and is not in favor of this plan. She said that it is rare when both parties agree so strongly on this issue.

Mr. Formica suggested to Ms. Hardy that with her tenure on the Board that she might wish to draft a letter saying that they are hoping that this does not go into effect.

Ms. Cheeseman asked with the change in ECS of the Town's money, how it would work and if they would have to ask to use it.

Mr. Formica said that it is the Board of Finance who typically allocates the dollars as they do not vote on the budgets separately.

Ms. Cheeseman said that she was very pleased to see the reductions that were made as she felt that they had to make some concessions. She said that she would agree that a letter from Ms. Hardy to State Government would carry weight. She also urged the public to contact their State Government regarding how they feel about moving the car tax revenue loss to the homeowners to make up. She noted that she agreed with a lot of the cuts/reductions to Town projects and had considered not opening Amtrak Beach to swimming as it would save with not having to provide lifeguards. She suggested that this would be something that they could go back to should they need further cuts. She lastly said that she would recommend to the Board of Finance that they urge the Board of Ed to put off the implementation of an all-day kindergarten at this time.

(Note: 4 PM – Mr. Wilson joined the meeting)

Mr. Formica recapped where they were for Mr. Wilson.

Ms. Hardy noted that they have \$145,000 in the contingency budget and asked how much they have in fund balance.

Mr. Formica said that the 7.8% is approximately \$4.2M.

Ms. Hardy asked what the percentage rating is to keep the bond rating.

Mr. Formica explained that he has always kept it around 8% however; what they agencies like to see is a contingency line item (which they have) and consistency in the fund balance percentage – which they have maintained.

Ms. Johnson added that 7% is a minimum and that the standards of fund balances have increased over the years.

Ms. Hardy asked if the \$145,000 in contingency is enough for a Town-wide budget so that it would not damage their credit rating.

Mr. Formica said that he feels that they have been very frugal in the managing of this and have not used all of what they put in each year.

Ms. Hardy asked about the Parks & Recreation events coordinator that was supposed to be shared with Planning.

Mr. Formica said that it is out of the Planning Department and is now all in the Parks & Recreation Department and was reduced to \$20,000 from \$40,000.

Ms. Hardy said that the Parks & Recreation Special Revenue Fund returned \$10,000 to the Town – could that money be sued for that person.

Mr. Formica said that the funds in the Special Revenue Fund are supporting that position.

Ms. Hardy asked if they are looking at funding for a 5 year or 6 year reval.

Mr. Formica said that they would be doing a statistical reval the next time and that it is not a this or next year need.

Ms. Hardy said that several people have spoken to her since this past Wednesday evenings' meeting and they have expressed interest in having Amtrak Beach open throughout the summer season.

Mr. Formica said that would put off construction of the Boardwalk as if it is the desire of the Town to have it open – that would add another six weeks.

Ms. Hardy asked if it would require a budget increase.

Mr. Formica said that he thought that it would work out.

Ms. Hardy asked Ms. Cheeseman if she agreed with this.

Ms. Cheeseman said that she would love to have both beaches open but suggested holding off on the swimming due to the people and resources.

Ms. Hardy asked about the fuel tank removal line item.

Mr. Scheer said that the tanks have to be replaced by 2019 and that it is a long and involved process that they want to get a jump on.

Ms. Hardy asked about bringing water and sewer to Cini Park and if it is in the Water & Sewer budget.

Mr. Formica said no, it is a grant item that they will not hear about for some weeks to come.

Mr. Nickerson said that while he liked the budget as it was originally presented, that the information that they received from the State changed things greatly. He said that he hopes that the Legislature will come together on the issues facing the taxpayers.

(Note: 4:25 PM – Mr. Seery joined the meeting)

Mr. Formica recapped where they were for Mr. Seery.

Mr. Wilson asked what the dollar amount would be to get the budget increase to 3% from the current 3.15%.

Mr. Formica said that roughly if \$650,000 is 1%, then approximately \$325,000 is .5%. If Ms. Cheeseman's suggestion of eliminating all-day kindergarten was taken out – that \$426,000 would reduce the whole budget. He added that they also would not need the \$100,000+ for teacher evaluations.

Mr. Wilson said that his issue is that he has gone through the budget many times and while it might be nice to have more, he would like to see across the board dollars taken off and let the various departments work it out.

Mr. Formica said that he is not sure of that thought process as the Board of Ed is 64% of the entire budget and Town Government is only 33%. He asked Mr. Wilson how he would propose doing this.

Mr. Wilson said that the all-day kindergarten is an expensive program.

Mr. Nickerson said that it is a \$426,000 program and another \$133,000 in teacher evaluations with no programs being taken off the table in a year that cannot support it.

Mr. Formica noted that they are putting together flat budgets everywhere on the Town side except for the contractual items.

Mr. Wilson said that he thinks that it is more reasonable to tell the department heads to take a certain amount or percentage off and to move their budgets around as necessary.

Mr. Formica said that is what he does each year in drafting out the budgets and it has been done.

Mr. Wilson asked how they would go about cuts for the Board of Ed.

Mr. Formica said that the Board of Ed did not adjust the Superintendents' budget so they should be expecting cuts.

Mr. Wilson said that he does not want to sell us short as Town government has always been on that end.

Mr. Nickerson said that he does not think that the cuts should be coming from the Town side. The Town has already been cut and the Board of Ed is already higher – so to suggest cuts – we are at a 2.54% increase and they have an increase of 3.34%.

Mr. Wilson said that the Town has a 'maintaining' services budget.

Mr. Seery said that they could make recommendations for Board of Ed cuts and also give those recommendations to the Board of Finance however in the end the Board of Ed cuts as they wish. He added that while the mill increase may appear vague – (1 mill = \$2M) that is what the public understands and not percentages. He thinks that they have to be careful and present a budget that the Town can support and that this budget needs to come down further. They are not in an economic climate where they can present a budget with a 1 mill increase. Those days are gone.

Mr. Formica asked where Mr. Seery would suggest cutting from.

Mr. Seery said that he thinks that they could get to a 2.25% increase for General Government which would be an approximate additional \$75,000 in cuts and with regard to the 2.5% for the Board of Ed (from the proposed 3.34%) he said that it would be his recommendation that they ask the Board of Finance to look at that.

Mr. Formica asked Ms. Johnson to change the increase to \$312,000 instead of the \$387,816 on the Town side and see what the percentage would be.

Ms. Johnson said that they would need to reduce the Town side by \$44,768 to get to a 2.25% increase.

Mr. Wilson suggested taking a certain amount from each budget.

Mr. Formica said that he could find \$45,000 in one item. Some budgets are only \$900.

Ms. Hardy suggested that they just find one item and take it out as some budgets do not have much to begin with and across the board cuts at the same percentage would not be fair.

Ms. Hardy noted that they have not increased the beach passes in years and in comparing the fees on-line she found that our fees appear to be on the low side. She suggested that they make a recommendation to Parks & Recreation to increase their fees – especially at this time when they are trying to bring a new beach on-line. And - perhaps in future years if things get better – they could reduce them. She added that if they continue to cut more that they would really be stuck if the Board of

Finance asked them to cut more later on. She said that she thinks that they should move the budget forward as it is and suggested that Mr. Formica as the Ex-Officio present this to the Board of Finance and that they attend in the audience to support him and the budget.

Mr. Wilson asked if they felt that the 2.54% increase for Town Government was out of sync. Ms. Hardy said no, she thinks that it is a good budget and Mr. Formica can present and explain it to the Board of Finance. She added that he can also ask that the Board of Finance give them the courtesy of making their own cuts.

Mr. Formica noted that Health insurance will most likely be reduced from the 9% increase to 7% and perhaps halved again – so they would certainly find the \$45,000 that they have discussed and maybe more. This would bring them below the 2.25% increase that they have been discussing. It would also mean a reduction for the Board of Ed as they were initially all figured at the same percentage increase.

Ms. Hardy noted that there has been strong support for all-day kindergarten.

Mr. Formica asked if they were ready to make a motion on the budget.

****MOTION (2)**

Mr. Nickerson moved that the following 2013/2014 Proposed Budget be forwarded to the Board of Finance for their review: General Government - \$15,634,383; Debt Service - \$4,781,959; Capital - \$1,170,399 and Board of Education - \$42,591,731 for a total of \$64,178,472.

Mr. Seery seconded the motion. (Copy attached)

Mr. Formica said that the Town Government budget would be further reduced once the Health insurance is settled.

Vote: 6 – 0 – 0. Motion passed.

Mr. Formica asked if they would like to make recommendations to forward to the Board of Finance on the Board of Ed budget.

Mr. Nickerson said that the \$426,000 for the all-day kindergarten program and the \$133,000 for teacher certification evaluations can be pulled and he would recommend to the Board of Finance that \$559,000 be the starting point for cuts to the Board of Ed budget.

Ms. Cheeseman said that she would support Mr. Nickerson's recommendation and would recommend that more be cut.

Mr. Formica noted that the Board of Ed Health insurance reduction would mirror the Town's but would be a larger number as their starting number is larger.

Mr. Wilson said that he had noticed that the Coastal Connections program had increased by 55% from \$193,000 to \$389,000 and said that he is not clear on how this is being offset by revenue as he is not seeing the numbers in the people. He suggested that they look at this as it popped out at him.

Mr. Seery noted that some of the Board of Ed members had also asked for information on it but he is not sure if they received it. He said that they are not sure if it is bringing back SPED people, but he does agree that the \$116,000 increase should be explained.

Ms. Cheeseman agreed that she would like to see an explanation of this program and the increase.

Mr. Seery suggested that they have Mr. Formica present these recommendations.

Mr. Formica asked that the Board of Finance be given a copy of the minutes.

Ms. Hardy asked that the record show that she abstained from discussion on recommendations on cuts to the Board of Education budget.

Ms. Hardy and Mr. Wilson thanked Mr. Holyfield for the clean roads from today's storm.
The Board echoed these sentiments.
Mr. Holyfield thanked his crew.

4. Adjournment

Mr. Formica called for a motion to adjourn.

****MOTION (3)**

Mr. Nickerson moved that this Special Meeting of the Board of Selectmen be adjourned at 5:15 PM.

Mr. Wilson seconded the motion.

Vote: 6 – 0 – 0. Motion passed.

Respectfully submitted,

Karen Zmitruk,
Recording Secretary, Pro-tem