

**EAST LYME BOARD OF FINANCE
SPECIAL MEETING MINUTES
Monday, MAY 22nd, 2017**

Members In Attendance: Camille Alberti, Chairperson
Lisa Picarazzi, Vice-Chairperson
Peter DeRosa
Beth Hogan
Jason Pazzaglia

FILED

May 23 20 17 AT 10:05 AM/PM
Karen Helms, Clerk
EAST LYME TOWN CLERK

Also In Attendance: Mark Nickerson, First Selectman
Anna Johnson, Finance Director
John McCulloch, Tax Collector

Absent: William Weber

A. Call Special Meeting to Order

Chairperson Alberti called this Special Meeting of the East Lyme Board of Finance to order at 7 PM.

B. Pledge of Allegiance

The Pledge was observed.

Ms. Alberti noted that Scott Miller from the Communications Department at Millstone was present this evening to take some pictures of Ms. Picarazzi as she was being spot-lighted by them for her many civic services.

C. New Business

o **Set the Mil Rate for the FY 2017/18 Budget**

Ms. Alberti noted that the budget had gone to referendum and had passed. She said that she would like to hear from everyone on their thoughts regarding the mil rate.

Ms. Picarazzi said that she would like to stick with the .66 mil increase that they had previously discussed as they do not know where the State will be once they finish out their discussion. There is no way to even predict what will happen. With the current mil rate at 25.36, the .66 would bring them to a new mil rate of 26.02.

(Ms. Picarazzi noted that Ms. Hogan was on her way there and would arrive shortly)

Mr. Pazzaglia said that the .66 mil increase would be fine however he is concerned with the State and where they will be and the constant rate at which the mil rate climbs each year. In a short period of time it will be at 30 mils and the problems at the State level are not something that he sees just getting better and being taken care of as they have been getting worse over the years. He said that he would like to see some sort of long range planning so that this does not continue to happen.

Mr. DeRosa said that he would echo Mr. Pazzaglia's comments and for now stick with the .66 mil increase. He added that it makes it very difficult when they do not have any idea on which direction the State will go.

Ms. Alberti said that although Mr. Weber could not make this evening's meeting that he had sent in his thoughts on how he approached evaluation of the budget presented and the impact on the mil rate. She read his analysis into the record. (Copy Attached) Mr. Weber noted in his analysis that he felt that they are entering a 'new normal' where the State will be working to recover from issues that have developed over many years. He suggested a .78 mil increase and a number of study areas to help with this and future budgets.

Ms. Alberti said that she likes where Mr. Weber is going with his thought process. She said that she feels that the .66 mil increase is artificially low and that she does not want to set a mil rate that would mean that

they would have to come out with a supplemental tax bill to make the budget work as that would be unfair to the taxpayers and it is not something that she would want to push forward. Not knowing where they stand with regard to what they will receive from the State does not help their process. She said that she would rather see a slightly higher tax rate this evening than to have to go back to the taxpayers later on. She does not see the State readily solving its fiscal issues so they will have to resolve to tighten up and do things in a different manner in the upcoming years.

Ms. Picarazzi asked if the State cuts them, if they could do further budget cuts to Town Government before going back to the taxpayers for more.

Mr. Nickerson said yes they could do that and a combination of things.

Ms. Picarazzi said that she would go in that direction first as she had originally proposed a greater cut to Town Government. To Ms. Alberti she said that she understands where she is coming from in trying to have a cushion.

Ms. Alberti said that she is proposing more as they do not know where the State will land and she is trying to offset the potential cut that they will have to sustain once the State delivers its final decision.

(Note: 7:15 PM – Ms. Hogan arrived)

Ms. Johnson noted that in the event that they set a mil rate larger than needed that the extra money would have to be segregated and used for the successive year. They could not just use it on anything it has a specific purpose and use.

Ms. Picarazzi said she felt better about that in that it was a 'lock box' type of item.

Ms. Hogan said that there are four budgets at the State level right now – only one budget makes the Towns whole, the three others do not. The three others were also similar to each other so she still thinks that we will be somewhere in the middle. The lay-offs on the State side will not give them the money that they need. The other concessions that they are looking for may not come through. If they stick with the .66 mil increase they should know that they will all be coming back and looking at how they will be able to make up the difference once they receive the final figures from the State.

Ms. Picarazzi asked what Ms. Hogan would propose.

Ms. Hogan said that she would agree with Ms. Alberti that they need to bump it up a bit – say to a .78 mil increase.

Ms. Alberti said that the .78 mil increase is Mr. Weber's suggestion.

Ms. Hogan said that she would agree with Mr. Weber's suggestion. She added that she would also put the \$253,000 left into fund balance and not use it as they need to keep that up.

Ms. Alberti said that she would not propose her 1.34 mil increase and that whatever they propose this evening she would go with it however she wanted to go on record as saying that she will not support a supplemental tax bill.

Note was made that a supplemental tax bill is not without costs and that it could easily cost \$7000+ to produce.

Mr. Nickerson said that they could probably weather a \$500,000 to \$1M reduction but not beyond that.

Mr. Pazzaglia asked how many dollars the .66 mil to .78 mil increase relates to.

Ms. Johnson said that the .66 mil is about \$300,000.

Ms. Picarazzi said that the .78 mil increase would be around \$500,000 as Mr. Weber stated. She suggested a .8 mil increase.

Mr. Pazzaglia said that he would agree with a mil rate higher than the .66 mil and that the .78 mil increase that Mr. Weber researched is probably okay.

Ms. Alberti said that she would have to agree that it is only going to get worse going forward. She called for a motion.

****MOTION (1)**

Ms. Picarazzi moved to set a mil rate of 26.16 for FY 2017/2018 (a .80 mil increase).

Ms. Hogan seconded the motion.

Vote: 5 – 0 – 0. Motion passed.

Mr. DeRosa noted that this was painful.

D. Board Comments

Ms. Alberti called for comments from the Board –

Mr. DeRosa asked Mr. Nickerson if there was any renewed energy in regionalization with the COG. Mr. Nickerson said that there are a few things that he is working on but they only save a little bit here and a little bit there. There is more to come on this.

Mr. Pazzaglia asked about the Fire Study.

Mr. Nickerson said they had discussed it at the last meeting and that it has now gone back to the consultants with comments/corrections from all of the departments involved.

Ms. Alberti questioned it going back to the originator.

Mr. Nickerson said that he felt that they would not be looking at opinions but rather at factual differences.

Ms. Hogan said that she felt that they would be looking at for example – how many items were noted and the differences so that they could be stated in an addendum – such as perhaps a blue fire apparatus that was missed.

Ms. Alberti said that she would request that they go into an Executive Session to review the draft and the final product.

Mr. Pazzaglia said that he would agree with Ms. Alberti.

Mr. Nickerson said that while he knows that they are anxious to see it that it is a Board of Selectmen document and once the Board of Selectmen ratifies it – it would be a public document and he would get it to them.

E. Adjournment

****MOTION (2)**

Ms. Picarazzi moved to adjourn this Special Meeting of the East Lyme Board of Finance at 7:42 PM.

Ms. Hogan seconded the motion.

Vote: 5 – 0 – 0. Motion passed.

Respectfully submitted,

Karen Zmitruk,
Recording Secretary

22 May 2017

In my absence and to help with this year's mil rate deliberations I wanted to get my thoughts straight on how I approached evaluation of the budget presented and the impact on the town mil rate. After presentations from the department heads, it was very clear to me that every department has cut their budgets to what they consider to be bare bones. I commend them for their efforts and it is clear everyone is striving to keep our community services as efficient and cost effective as practical.

I make the below recommendations believing the challenges in front of us are not a one year challenge and suspect none of the board members are naïve enough to believe that in the next year or two state funding will be back to historic levels. I believe for the next few years we are entering a "new normal" where the state will be working to recover from issues that have developed over many years, therefore we should avoid short term cuts that will snow plow into larger future year debts.

The above observations lead me to believe East Lyme will need to be more fiscally self-reliant for several years to come and restructure both spending and revenue streams to support our new reality. I believe adjustments will be required in the proposed budget, mil rate, and capital plan to prevent long term damage to our fiscal health and I would suggest growing the reserve fund balance as an abatement to future uncertainty. Clearly a holistic view of the town finances is required when determining the effect of cuts or revenue increases to offset decreased state revenues to our town.

It appears based on reported statements and actions of our state legislation that there are significant efforts underway to maintain the support municipalities get from our state government, but I'm no longer inclined to believe they will be completely successful. I believe we should expect decreased support in the \$500,000 range so I propose we develop a mil rate that addresses this. Logistically I'm not clear on how this is done, but I believe we establish the new mil rate and put in place potential decreases if the state decreases their support.

I believe a balanced approach to managing a \$500,000 decrease from the state would look like this:

Decrease revenue	\$	500,000	
@ current %			
\$	127,720.40	\$	(63,860) Total Government
\$	37,679.88		Debt Services*
\$	6,476.73	\$	(3,238) Capital
\$	328,123.00	\$	(164,061) BOE
		\$	268,840 Total Change
Net Total	\$	71,573,822	
	\$	55,605,990	Taxes Required
		26.14	Calculated Mil Rate
		25.36	Current Mil Rate
		0.78	Delta
0.13			
		* can't change	3.1%

Attachment submitted by B. Z. Weber

5/22/17

Where the town government, the capital plan, and the BOE budget would all decrease proportional to their current percentage of town budget with the remainder addressed with a modest mil rate increase.

Suggested study areas:

Cutting budget item, cutting capital items, or raising the mil rate may not be the only options. There may be opportunities to increase efficiencies or increase revenues that should be evaluated. Understandably these items will require time to mature to fruition but they may help future budgets. We should talk thru the details but a brief list includes (in no specific order):

1. Town fees, permits, licenses, etc. to ensure appropriate for our geographical area.
2. Printing, copiers, postage, and related moving of paper. 15% may save over \$100,000.
3. Town Property holdings. Open Space is important, but I suspect there is some town property that would serve us better if returned to the tax base.
4. Consolidated services, there may be opportunities to combine services and decreasing cost. For example, Public works, BOE, & Parks and rec have common and redundant equipment
5. Over Time management, there may be opportunities to create "float" position for one fire department to aid the other or staff to be assigned to BOE in the school season and parks & rec in the summer.
6. Emergency Services Optimization
7. Uniform allowances, mileage, and similar expenses that could be optimized

Respectfully,

William D. Weber