

**EAST LYME BOARD OF FINANCE  
SPECIAL MEETING MINUTES  
BUDGET REVIEWS – FY 2017-2018  
Monday, APRIL 3rd, 2017**

**Members In Attendance:** Camille Alberti, Chairperson  
Lisa Picarazzi, Vice-Chairperson  
Peter De Rosa  
Beth Hogan  
William Weber

**Also In Attendance:** Mark Nickerson, First Selectman  
Anna Johnson, Finance Director  
Jeffrey Newton, Superintendent of Schools

**Absent:** Jason Pazzaglia

**A. Call Special Meeting to Order**

Chairperson Alberti called this Special Meeting of the East Lyme Board of Finance to order at 6:31 PM.

**B. Pledge of Allegiance**

The Pledge was observed.

**FILED**

**C. Delegations**

Ms. Alberti called for Delegations.  
There were none.

apr 10 2017 AT 3:35 AM/PM  
Caun Falco, ATC  
EAST LYME TOWN CLERK

**D. Old Business**

**a. Any Outstanding Information**

Ms. Johnson provided the members with the information that they had requested from the previous meeting for deliberation discussion.

In discussion on the \$41,082 remaining balance in Contingency it was noted that there are three items that would be addressed this month and that there are another three that will be handled by the end of the fiscal year.

Ms. Hogan asked Ms. Johnson to explain the potential mill rate increase.

Ms. Johnson said that she had worked out a few scenarios however they are extremely uncertain at this point in time with information on the state budget. She said that if she were to go with what the State proposed that when factoring out all of the items that are taken into consideration that they could be looking at a 3.18 mil rate increase. She noted that they could to factor in the SPED grant as they do not know what it would be as SPED kicks in when we have spent three times the SPED per child rate.

Ms. Alberti asked – if they were to assume that the cost of one SPED student is \$15,000 – that they would not get anything until they have spent \$45,000 on that student.

Ms. Johnson said that yes, it is being done that way.

Mr. Nickerson said that the Governor's budget has a potential \$7M, a \$5M reduction plus the \$2M.

Ms. Johnson said that they are not counting the \$2M of teacher's pensions that is hanging out there.

**E. New Business**

**a. Budget Deliberations**

Ms. Alberti said that last year they had adopted a hybrid approach to budget deliberations. With regard to the Board of Ed, they do not have line item control over their budget – they can make suggestions on where they might like to see reductions but they would only be able to reduce the bottom line number. She noted that State Senator Cathy Osten is proposing a bill that would allow Towns to make line item decisions to the Board of Ed budget.

She said that she would first ask them for any motions that they would like to make on any line item or dept. changes to specific budgets for any that they may feel particularly strongly about. Later on, they would also make a general reduction on the budget where the First Selectman and Board of Ed would then determine where the actual cuts would be made to meet the reductions.

Several factors are considered with regard to the Town when deciding how to come up with the amount of the reduction with the last being that of what the Town can afford.

She said that she would call on each person with respect to their seniority on the Board. She called upon Ms. Picarazzi first.

Ms. Picarazzi said that she had two line items that she wanted to cut that fall with the Fire Study that they have been asking for. She said that she wants to keep both Fire Departments at a zero increase.

**\*\*MOTION (1)**

Ms. Picarazzi moved to reduce the Niantic Fire Department proposed budget by \$10,276.

Ms. Alberti seconded the motion.

Mr. Weber said that a plan is a plan until the plan changes – and until they get the study he does not think that they should assume that there are savings that they can get.

Ms. Hogan said that she would like to support this but does not want to propose reductions when they do not know where they might be – she would rather make it at the bottom line level and let the First Selectman decide where to take it from. She added that she also does not think that items in the study could be implemented for this upcoming year.

Mr. DeRosa asked if this passes – what is the impact.

Ms. Johnson pointed out that if they look at the budget that they will see that with the wages as presented that there will be a shortfall on salaries.

Ms. Alberti said that they have a contingency fund for that. If they were to suppose that the study proposed cuts of people then the salary would be funded. She said that is it only a bit over the \$20,000 so they could pull it from contingency.

Ms. Picarazzi said that she thinks that it is prudent of them to do this.

Mr. Weber said that he thinks that they will ultimately see some savings with the Police department but that they also will have to initially spend dollars to get dollars.

Mr. Nickerson said that when they talk about 'consolidation' that it would be over several years time that it would be implemented. The primary issue for the study was with regard to equipment and how to buy and what they need on purchases. He said that he suspects that they will find that they will not be able to consolidate the departments and that they will need more staffing rather than less. They are also trying to wrap a number of things together and any changes would be over many years.

Mr. DeRosa asked if they look at the both departments that the wage contracts have not been settled yet and that will impact this – so where would the reduction actually come from.

Ms. Picarazzi said that if they had the study then they could make these decisions and that she is very frustrated that they do not have it after all this time and that she cannot do her job.

Discussion ensued on the study process, length of time and when it had been approved and then sent off to be done.

Mr. Nickerson said that he could guarantee that there would not be any consolidation in the next year. He explained that the study is not ready as they ran into other issues that needed to be incorporated once they started the review.

Ms. Alberti said that in her researching of the CT General Statutes that the Board of Finance has broad reaching powers. She cited passages from an opinion piece on Boards of Finance.

Mr. Nickerson asked the Statute Number or if she was citing from the UCONN document opinion piece that she has referred to in the past.

Ms. Alberti said that it is a legal opinion and that he does have a copy of it. She then called for a vote on the motion.

Ms. Picarazzi said that she had thought that she had motioned for an increase request reduction to zero for both the Niantic and Flanders Fire Departments based upon their proposed budget; hearing that she had not, she withdrew her MOTION (1) and presented a new motion.

**\*\*MOTION (2)**

Ms. Picarazzi moved to propose a zero percent increase for the Flanders and Niantic Fire Departments (total reduction from both of the proposed budgets of \$21,176).

Ms. Alberti seconded the motion.

Mr. Weber said that in considering everything that he does not see any first year savings as the study was regarding how they could perhaps save on equipment.

Ms. Hogan said that this might impact what they really need. She said that she would not support this as it is not related to what they might save when considering what the report 'might' say.

Mr. DeRosa said that he is not sure where this would come from – this is for public safety. But – he thinks that it is easier to request and get it later if necessary and that he would support this now as they are looking to cut where they can.

Ms. Alberti called for a vote on the motion.

**Vote: 3 – 2 – 0. Motion passed.**

For – Ms. Alberti, Mr. DeRosa, Ms. Picarazzi

Against – Ms. Hogan, Mr. Weber

Ms. Alberti asked Ms. Hogan if she had any line item cuts that she wanted to make.

Ms. Hogan said no.

Ms. Alberti called upon Mr. Weber –

Mr. Weber asked if after they do the specific line items or departments – that they would go to general reductions as he has some suggestions for that.

Ms. Alberti said yes.

Ms. Alberti called upon Mr. DeRosa –

Mr. DeRosa said that he did not have any line item cuts.

Ms. Alberti said that she had watched the meeting from home last week Thursday evening and that she had followed up with a phone call to Ms. Vitagliano, the Assessor, and asked her for some hard data on the increase that she was looking for and what the rate of return is. She did provide some. She also asked her to research the audits that had been done here in the past prior to her arrival here. She was informed that audits were done in 2011, 2012 and 2013 and it was thought that in 2013 that they brought in \$12,000 so that would be around a 350% return. She said that she thinks that this could be worth adding the requested \$1000.

**\*\*MOTION (3)**

Ms. Alberti moved to add \$1000 to line 239 – Contracted Operating Services (increasing it from \$2500 to \$3500) of the Assessor's proposed budget request for the upcoming year.

Ms. Hogan seconded the motion.

Mr. DeRosa said that he could agree with this.

Mr. Weber said that this was one of his suggestions however he would put the following stipulations on it: first that Ms. Vitagliano obtains bids as he feels that she has one person in mind for this and that she reports back to the Board of Finance on this.

He said that he would not support this as an individual item as he feels that it is pushing only a certain item agenda and he sees it as a suggestion.

Ms. Alberti called for a vote.

**Vote: 4 – 1 – 0. Motion passed.**

Against – Mr. Weber

Ms. Alberti said that she has another item that she would like to propose. This is with regard to the Board of Selectmen stipend and that she finds it interesting that they approve their own 2.5% increase to this stipend. She said that due to the budget times that she feels that this line item #115 – Board of Selectmen at 9085 should be reduced to \$5 providing for \$1 for each Selectman.

Ms. Hogan said that she would like to do some research on this as she does not think that they are entitled to COLA increases – or for the BOS to vote on this themselves. However, she could not agree with the \$1 but would take the COLA out.

Ms. Picarazzi said that she is not comfortable with the \$1 and thinks that it is an insult – they should have a conversation with them on this. Further, she does not like doing it this year without having any discussion with them.

Mr. Nickerson offered that perhaps they could consider making it a flat rate. He added that he has tried to give his back and was told he could not, and also the Deputy First Selectman received more than the others. It is given as they are considered ambassadors of the Town.

Ms. Alberti said that she likes what Ms. Hogan and Ms. Picarazzi have said and that maybe a conversation is in order.

Mr. Nickerson said that he would contact the Town Attorney for an opinion regarding this.

Ms. Alberti said that she would contact him and ask for information.

Mr. DeRosa said that he did not want to do something permanently or forever with this.

Ms. Alberti said that they would move on to the macro level and make motions. She hoped that they have been able to review everything to be able to make a recommendation on how to approach the Town and BOE sides. She asked for thoughts first for the Town side operational – big picture.

Ms. Picarazzi said that with regard to the revenue numbers that the State has been jumping around. She does not want to see the mil rate increase more than 4%.

Ms. Hogan said that she thinks that they should keep deliberations open.

Mr. Nickerson said that the State hopes to have some better ideas and numbers by May 1<sup>st</sup>.

Ms. Picarazzi said that she was sorry but the budget has to be tightened up and that she would start with some numbers. Everyone knows that it is a very tough year and that the budgets are not fat.

Mr. Nickerson said that there really is not a lot of fat on either the town or BOE budgets.

Ms. Picarazzi said that to start that she would propose reducing the Town proposed budget by \$300,000 and the BOE budget by \$230,000. For the BOE she would suggest that they look at salaries. She would also suggest that they reduce Capital by \$250,000 and take \$750,000 from fund balance.

Mr. Weber said that he tried to put everyone at the same lever of 'pain' and thinks that a starting point is what they can add and subtract to put everyone at bare bones. This is not easy.

Mr. Nickerson said that in dealing with other Towns and CCM that adjustments can be made based on State aid after the referendum – in mid-year cuts. If slashes come – then they are removing services. A \$5M cut is 2.55 mils. The money cut from Hartford is throwing everyone off this year. Once they have gone to Town Meeting with the budget, they can further decrease it as necessary however they cannot increase it.

Ms. Alberti said that she thinks that they are on the right track and a brief break was taken.

Ms. Alberti asked for other comments.

Ms. Hogan said that she would suggest that they reduce the Town side by \$100,000 and the BOE by \$225,000. She asked about the Capital.

Ms. Johnson said that \$223,014 is Board of Finance committed acquisition projects.

Ms. Hogan said that she would reduce Town Capital by \$132,493 and BOE Capital projects by \$39,671.

Ms. Johnson noted that CNRE items in the capital improvement fund have LEARN rent but are slotted to use currently available CNRE funds.

Ms. Hogan lastly suggested that they take \$650,000 form fund balance.

Ms. Alberti asked if she had a cap on the increase that she wanted to see passed on to the taxpayers.

Ms. Hogan said that these are just placeholders – as she thins that they may have more revenue coming however it is just a feeling and nothing more.

Mr. Weber said that if they would like to look at a .88 mil rate increase that the baseline is a 3.47% increase. He stressed that he does not think that this is a one year cycle and that he would like to see all of it at the same level and ratio. He made the following suggestions:

- Add the \$1000 to the Assessor budget with stipulations as noted.
- Add \$50,000 to the contingency fund to make it whole as it is a hard year
- Reduce the Library budget by \$5000 (periodical materials)
- Reduce the uniform allowance for ACO by \$800
- Reduce the Police Department by \$66,500 to a 4% increase rather than the 6.75% requested

While the department managers know more about their specific areas than he does, this puts them at bare bones.

For the big picture he would like to see them:

- Review all permit fees, licenses, etc. – while he does not want to gouge the people he does think that they should compare what others are charging.
- The roughly \$700,000 for copiers, paper, postage, etc for all departments can be cut by 15% which is \$100,000 reducing that to \$600,000. He said that he thinks that they handle a lot of paper.
- Town owned property – Open Space – maybe they can sell some and/or trade for some that is better designated. If they have space that is not in the watershed – there may be some potential for trade.
- Consolidation of services – Public Works, Parks & Rec and the BOE have a lot of redundant equipment and personnel that could be looked at.
- Perhaps there could be some 'float' positions between the Fire departments

If he would have to suggest decreases which he said that he finds difficult if not impossible when not knowing what they would get for revenues – then the decreases should be as follows – 40% from the Town, 40% from the BOE and 20% from Capital. He said that he is protective of the capital plan as he does not see things getting better and they cannot afford to keep kicking it down the road.

Mr. DeRosa said that he had not come in with any hard numbers. He is concerned with the Police budget – especially the Overtime number that is high. He said that he hopes that they would address that with contract discussion. He does like Mr. Weber's approach of coming up with percentages rather than hard numbers.

Mr. Nickerson said that if the teacher pension funding comes – would that be a BOE cost to take care of or the Town's – as the Town has its own pension fund that it already funds. Also – ECS funding – would the Town share in that reduction.

Mr. Weber said that he would say yes and see it as a shared responsibility. They are all in this together.

Ms. Hogan said that she does not understand the 40%.

Mr. Weber explained that if the State comes and says that there is for example - \$1M less – then they would divide that reduction as \$400,000 from the Town, \$400,000 from the BOE and \$200,000 from Capital. If it comes in at even more of a reduction of revenue from the State then he thinks that they would have to do 20% from the Town, 20% from the BOE. 10% from Capital and the rest in a mil rate increase.

Ms. Picarazzi suggested that they consider:

- Reviewing the Health Insurance/Dental percentage that they have –may be high
- Reducing the Library budget by \$10,000
- Parks & Rec – they added a request for \$10,000 for added security – perhaps they should look at a security company as that would be less than hiring the Police; and only using the Police for the busier weekend times, holidays, CEL, etc.
- Public Works – road reconstruction and repair – they could look at that for a reduction as it looks to be under-used – or it might be seasonal.
- In the Capital plan they should kick out the Police and Fire stations another five years.
- The part-time clerical for the Police – while that position has just been started – perhaps they could defer it for a period of time instead.

She asked Mr. Nickerson if he had said that the agreement on the sharing of the holding cell in Waterford had been reduced to \$40,000 per year.

Mr. Nickerson said yes.

Ms. Alberti said that she took the high level view of the budget. She said that she could see a maximum increase to the taxpayer of 4.25%. She thought that they would get around \$3.8M for ECS.

Ms. Johnson explained that if they increase the projected revenue then there has to be a corresponding expenditure.

Mr. Nickerson said that if LoCIP gets \$100,000 then it just restores the mid-year cut that was made to them.

Ms. Alberti said that she would also take \$650,000 from fund balance. She came up with a total budget of \$70,559,203.

Her suggested reductions are: General Govt. Town - \$328,721; Capital - \$191,948 and BOE - \$225,110. She explained that the reason why she cut the Town by more is because she felt that the BOE had shown good budget management and engaged the trend. They are trying to address declining enrollment numbers and they also had a mid-year cut and she is assuming that they absorbed that cut in their budget. She is trying to limit the increase to the taxpayers so that it would be manageable to them. Also, with reveal most of the people in Town have seen an increased assessment and with a tax increase they may well realize an overall 7% increase. She said that she thinks this is the new reality. Regarding the cut to the Town – it is in addition to those items that were already mentioned. She continued that the Civil Engineer is now being paid 100% on the Town side and that she does not feel that there is enough work for him and it should be reviewed.

Mr. Nickerson said that they lost one full time civil engineer last year and that he has absorbed some of those duties.

Ms. Alberti continued that she would suggest that a more in line reduction for the Library would be \$28,000 as she looks at the wants and needs and what they are looking for would be wants. She said that it is hard times and that she does patronize the Library. Parks & Rec is 5% of the total Town budget. General Govt. - Benefits is 24% of the budget and she would shave 1% off of that.

Ms. Johnson said that when they talk about Fund Balance reductions of \$650,000; \$750,000 – is that in addition to the \$675,000 that they already projected in revenue usage.

Ms. Alberti said yes – as she had not looked at the \$675,000 that was already in projected revenues.

Ms. Johnson explained that the \$675,000 was what was also put in for the prior year so they have been maintaining the status quo.

Mr. Nickerson said that they are on the very low side on the undesignated fund balance and they are also about to go into one of the largest bonding issues with the school project that was recently approved at referendum; so it is important for it to be stable.

Ms. Alberti said that they might have to increase the usage from the \$675,000 and asked Ms. Johnson how much she felt they could use.

Ms. Johnson said that if she had her way that they would not use any of it as they are about to go for a huge bonding issue and she always hears from Moody's about how they always use fund balance to balance their budget. It is not a practice that they like to see.

Ms. Alberti cautioned that maybe they have to watch their spending since they have the \$37.5M coming up for bonding. They should pay some of it down before adding more debt. And – the money that they will get back from the State for the project should go towards the bonding debt.

Ms. Johnson said that the money that they get from the State for the project will come off the top and reduce the initial bond amount.

Ms. Alberti said that she would call the Town Attorney regarding the Board of Selectmen stipend and also ask him if the BOE could keep 1% of their budget if they do not spend it and put it in their own CNRE. She said that she would recommend doing that but wanted to check to see if it is legal.

Mr. Nickerson suggested that they ask the Town Attorney if the Town could designate the items that it has to be put towards to that it is not just spent on anything. The turf field will be coming up for replacement and that would be the type of item it should be designated for.

Ms. Picarazzi said that she would agree with that as they will be looking for money for that.

Mr. Nickerson said that he is ready for a number as it will take time to work on all of this. He also noted that regarding the suggested \$66,500 cut to the Police that he would tweak it as much as possible but there are built-in extra costs in operations for the Resident State Trooper.

Ms. Alberti asked if they were ready to make motions.

**\*\*MOTION (4)**

Ms. Hogan moved to reduce the BOE budget request by \$225,000.

Ms. Picarazzi seconded the motion.

Ms. Hogan said that this was just something to start with.

Mr. Nickerson said that they have to start somewhere.

Mr. Newton said that the sooner that they have the numbers to start with that the better it is as they need to make decisions now.

Ms. Alberti called for a vote on the motion.

**Vote: 4 – 1 – 0. Motion passed.**

Against: Mr. Weber

Ms. Alberti called for a motion for the Town side.

**\*\*MOTION (5)**

Ms. Alberti moved to reduce the Town side of the budget by \$328,721 to \$17,885,480 (a 2.45% increase).

Ms. Picarazzi seconded the motion.

**Vote: 2 – 3 – 0. Motion failed.**

For: Ms. Alberti, Ms. Picarazzi

Against: Mr. DeRosa, Ms. Hogan, Mr. Weber

**\*\*MOTION (6)**

Ms. Hogan moved to reduce the Town Government budget by \$100,000.  
Mr. DeRosa seconded the motion.

Mr. Weber said that the BOE was reduced two times the Town.  
Mr. Nickerson said that the BOE budget is at least two times the amount of the Towns.  
Ms. Hogan said that they would cut more from capital on the Town side.

Mr. Weber said that he stands corrected – percentage wise the reduction is comparable with the BOE reduction.

**Vote: 3 – 2 – 0. Motion passed.**

For: Mr. DeRosa, Ms. Hogan, Mr. Weber  
Against: Ms. Alberti, Ms. Picarazzi

**\*\*MOTION (7)**

Ms. Hogan moved to reduce the Town side Capital by \$132,000.  
Mr. Weber seconded the motion.

Ms. Alberti said that she does not think that this is enough of a reduction.  
Mr. Weber said that he thinks that they went through this pretty methodically and that the number is good.

**Vote: 4 – 1 – 0. Motion passed.**

Against: Ms. Picarazzi

**\*\*MOTION (8)**

Ms. Hogan moved to reduce the BOE capital by \$24,467.  
Mr. Weber seconded the motion.

Ms. Picarazzi said that she does not think that it is enough and would suggest \$50,000.  
Ms. Johnson said that the BOE capital is in their regular operating budget so this would be increasing that first cut that they already made.

Ms. Hogan withdrew her Motion (8).

Ms. Alberti asked if they wanted to make another motion  
Mr. Weber said no as they know that it is already included in the other reduction.

Ms. Alberti said that they would get an update at their Regular Meeting on April 12, 2017 and that they also could finalize their deliberations on April 17, 2017.

**F. Public Discussion**

Ms. Alberti called for any comments from the Public.  
There were none.

**G. Board Comments**

Ms. Alberti asked if there were any comments from the Board.  
There were none.

**H. Adjournment**

Ms. Alberti called for a motion to adjourn.

**\*\*MOTION (9)**

Mr. Weber moved to adjourn this Special Meeting of the East Lyme Board of Finance at 9:45 PM.  
Ms. Hogan seconded the motion.  
Vote: 5 – 0 – 0. Motion passed.

Respectfully submitted,  
Karen Zmitruk,  
Recording Secretary