

**EAST LYME BOARD OF FINANCE  
SPECIAL MEETING MINUTES  
BUDGET REVIEWS – FY 2018-2019  
Monday, APRIL 9th, 2018**

**Members In Attendance:** William Weber, Chairman  
Lisa Picarazzi, Vice-Chairperson  
Camille Alberti  
John Birmingham  
Jason Pazzaglia  
Anne Santoro

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

**Absent:** No One

FILED

APR 16 2018 AT 10:00 AM/PM  
William Weber  
EAST LYME TOWN CLERK

**A. Call Special Meeting to Order**

Chairman Weber 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.

**C. Delegations**

Mr. Weber called for Delegations.

Jamie Barr Shelburn, 31 McElaney Drive, read from her prepared statement (not submitted). She asked for their support for the BOE budget and the hiring of two social workers and a psychologist. She said that she feels that we are having a mental health crisis in the country and the schools. The State has cut mental health and other services so the Towns have had to pick it up. She asked that they fund these necessary items.

Lori Singer, 31 South Ridge Road spoke about the budget and the science standards at the schools. She said that they are supposed to have kids acting as 'scientists' in the classroom but the budget is bare bones and they need supplies. She asked that they not cut the budget as if they do they will decimate the science classes. She said that they don't want to fall backwards. They cannot afford a cut.

Robin Levine, 130 Black Point Road said that she has lived in Town for over 20 years and that she also works for the BOE as a Para-professional. The Town will not be great educationally if the budget is cut. The blue ribbon schools will become average and good teachers will leave. They must keep our education as it is. They also must take care of the social/mental health programs. If the budget is cut – it will have a ripple effect. She said that she too, moved here for the schools.

Victoria Thompson, 51 Plants Dam Road said that she is a parent and a teacher at the High School. She is looking at classroom sizes of 25 and it makes her look at Magnate schools for her kids as she wants her kids to have the best resources. In order to feel confident, they need the resources. Kids have a lot of academic pressure today. She asked that they support this budget.

## **D. Old Business**

### **a. Any Outstanding Information**

Mr. Nickerson noted that they had provided the unaffiliated policies and information as requested.

Mr. Weber asked if in order to amend Appendix A that it had to be done by the Board of Selectmen.

Mr. Nickerson said that the larger analysis spreadsheet gives the comparison of the various factions.

Mr. Weber asked, as far as we know, if all of the unaffiliated fall within the salary scale.

Mr. Nickerson said yes, except for Parks & Rec where youth Services was eliminated and merged into Parks & Rec. He said that he would discuss that on Wednesday.

## **E. New Business**

### **a. Historic Properties (139) – Barbara Low Johnson; Benn Bullock**

Mr. Nickerson said that Ms. Johnson took over after the untimely passing of Luane Lange last year. She has worked hard and is here to answer any questions that they might have.

Ms. Johnson thanked Mr. Nickerson and said that she would like to introduce Benn Bullock, the President of the Samuel Smith House and property to speak regarding what they do.

Mr. Bullock said that it is a 1685 house and that they are strictly a volunteer group. They do the best that they can to raise funds and give of their time to maintain the house. They also offer programs for the kids on what it was like to live during 1685.

Mr. Birmingham asked what the plans are to bring the house up to par as it suffers from some disrepair.

Mr. Bullock said that it really is not in great disrepair as there was a family living in there 20 years ago. They are residing the house and they have a five year plan which includes the roof. The house is not going to fall down – it is structurally sound.

Mr. Birmingham asked what the goal for the property was. He noted that he has been to see it.

Mr. Bullock said that they plan to continue to work to bring it back as best as possible to what it was during its time in history. It has an apple orchard and it was a working farm in that time frame.

Ms. Picarazzi asked the estimated cost of the five year plan and if the dollars they receive from the Town keep the property up.

Mr. Bullock said yes, what they receive is adequate and the provisions were to maintain the house.

Ms. Johnson said that it is difficult to answer that question – the dollars they receive will keep it up.

Mr. Bullock noted that, as with any home that as you do repairs you may find other things that may also need to be done. He said that he does not see any problems at this time.

Ms. Johnson said that all three of the houses are working together to raise funds – the Lee House, Samuel Smith and Smith Harris.

### **b. Revenues**

Mr. Nickerson said that they have the revenue information and noted that the State is still working on the budget. He recalled to them that at the end even after their fiscal year had started that the Governor came and made more cuts to what they had thought that they were going to get. The \$8.2M was sliced down to \$7.1M. At this point in time, it is looking like they will receive some \$400,000 less from the State.

Mr. Weber asked which items Mr. Nickerson thought he would have some influence over.

Mr. Nickerson said that there are still a lot of unknowns – they have building department fees, dog fees, etc. that are all a best guess right now – they will have to wait and see.

Ms. Johnson said that the \$5.2M in fund balance is about 7%.

Mr. Weber said that in taking \$675,000 from fund balance to cover that about \$350,000 went back at the end of last year – so they did not have to use the entire \$675,000. He asked if that could happen again.

Mr. Nickerson said that based upon the mid-year cuts that they took that it is a bare bones situation. He added that Moody's would like to see 12-15% in the fund balance.

Ms. Picarazzi asked Ms. Johnson if she was concerned with the school bonding coming on.

Ms. Johnson said that they would go to Standard & Poor as they should have a better change at keeping up our rating.

Ms. Picarazzi asked if this could affect the interest on the short term bonds when they go out for the school bonding.

Ms. Johnson said that it could.

Ms. Picarazzi noted that this is what she worries about.

Ms. Alberti asked if it is possible that they would not have to touch any of the \$675,000 this year.

Ms. Johnson said no, she expects to have to use around \$350,000 of it.

Ms. Alberti commented that there would be no excess revenues returned to the Town.

Ms. Johnson said that's correct.

Mr. Weber commented that it hurts to have it that way.

Ms. Santoro asked Ms. Johnson about current tax collection increases.

Ms. Johnson said that is the projection of the taxes that they will need to raise - \$3.5M

Ms. Alberti said that \$3.5M is attributable to many things and the only new items coming into Town now are the Dental facility and the Dollar General. She then asked about the State Appropriations Committee meeting that is scheduled for April 20.

Mr. Nickerson said that they hope to release the State budget information at that time.

Ms. Alberti said that there is currently a \$200M State budget deficit – so in considering that – there is nothing that can assure them that they will receive what they have been told so far. She then questioned the large reduction in the PILOT funding that they receive.

Mr. Nickerson said that whatever the formula is, they keep cutting it. The feeling at the State level is that this is something that may be eliminated. He noted again that very few states give funding to cities and towns for state properties that are located within those cities and towns.

Ms. Alberti asked about the Municipal Stabilization Grant.

Mr. Nickerson said that was the State having a new ECS formula and using this so that the cuts could be made over a period of time with the thought that eventually the funding would disappear.

Ms. Alberti said that there was \$92,000 cut to the tax relief for the elderly and asked how that would affect them.

Ms. Johnson said that the elderly would still get exemptions from the program but the State will not reimburse us for it.

Ms. Johnson said so – that would be borne by all of the taxpayers.

Ms. Johnson said yes, that is correct.

Ms. Alberti asked about the cities and towns bearing the pension costs.

Mr. Nickerson said that they would not see that this year.

Ms. Picarazzi asked about the Extra Duty Police –

Ms. Johnson said that the fee was increased but those fees are put into the CNRE to fund police vehicles.

Ms. Picarazzi asked what accounts for the difference.

Mr. Nickerson said that is their vehicle fund and that it will allow them to pay cash for the police cars.

Ms. Johnson added that the revenue that they collect is contingent upon the jobs that they are contracted for and there is no way of knowing how many they will have each year.

Ms. Picarazzi noted that the tuition revenue from other school districts (Salem) for the schools is down greatly – by \$181,945. She said that it seems that with all of this that they are heavily leaning on the taxpayers. And – she is concerned about the fund balance.

Mr. Birmingham asked about NSEP Grants and where they went.

Ms. Johnson said that they address it when they receive it.

Mr. Weber noted that the beach \$175,000 is going to the beach enterprise fund.

Ms. Santoro asked if with respect to the fund balance if they should discuss with the auditor going to Standard & Poor versus Moody's.

Mr. Nickerson said that they have had some substantial conversations with their financial advisors regarding this as Moody's placed us on a watch list due to the economic situation of the State. If the State continues to go where it is going, we will lose rating points. This is what it is right now and unfortunately it's at a very bad time with the school renovations coming on board for bonding.

### **c. Budget Deliberations**

Mr. Weber said that he wants everyone to have the opportunity to speak with regard to where they feel we are with the budget. He asked that each person discuss their high level concerns first and then if they would like to do so, specific line item suggestions.

Ms. Santoro thanked everyone for the input on the budget and all of the information. She said that she had looked at each department individually but kept the State issue in the background so her suggestions would be regardless of what the State does. She presented the following suggestions that she found in her review of the budget. On the Town side she suggested that Dispatch (215) could sustain a \$2500 reduction that could come from PT dispatchers as they have a fifth full time one now. She said that the Library (420) is a massive budget and felt that it could be reduced by \$3000 from the Town funded books area as there are multiple funding sources. Also, Animal control (226) was suggested for a \$500 reduction to the uniform line item. She noted that she would like to see the Smith Harris Commission (134) become income generating and more self-sustaining. Further, the Commission on Aging (418) - \$2400 every year for program supplies seems a lot and she feels that they could charge a little more so that they could do away with that. Overall, the Town side was a very tight budget.

On the Board of Ed side – with the \$47,776,943 budget, she suggested a \$200,000 reduction to the requested increase. Perhaps this could come from maintenance (snow plowing, landscaping), possibly non-certified computer consultants, and the various textbooks & supplies line items. She noted that at their presentation that she had asked what they are doing with regard to potential grants to replace the loss of State funding. They have to aggressively look at monies that are available out there from other sources.

Mr. Birmingham said that with regard to the Town side that he had looked at Police (216) and felt that computer maintenance could be reduced by \$2000 as it has increased by \$5000; public relations could also be reduced by \$500. Library (420) technical supplies could be reduced by \$1000. With regard to the Board of Ed – they are looking at almost \$48M so he looked at several areas to reduce with respect to the numbers and the percentage increases requested. Other certified salaries had increased by 87% or \$200,000 - he suggested it be reduced by \$50,000; non-certified computer consultants could be reduced by \$12,000; supplemental by \$20,000 and classroom aids by \$50,000. He noted that there were no aids when he went to school and that \$1M is too high for aids. Other reductions – line #127 – reduce by \$10,000; #611 reduce by \$10,000; #613 reduce by \$10,000; #694 (up over 50%) reduce by \$50,000; and #731 (up by 67%) reduce by \$30,000. this would come to \$242,000 and the overall requested increase of 2.59% would be closer to 2.07%. He said that he knows that he cannot recommend the line items as it is the BOE that picks where the actual reduction comes from. This is just where he felt it could come from at when you are looking at a nearly \$48M budget – this is not a lot.

Ms. Picarazzi thanked everyone for coming out this evening. She said that she thinks that it is the teachers who make it happen in the schools. She also thanked the Town and Library employees, Joe Bragaw who continues to do more with less and Dave Putnam who takes care of the very popular beaches. She lastly thanked Mr. Nickerson for his hard work and noted that his letter to them at the beginning of the budget review said that they must look for other funds and prepare for the loss of \$6M from the State as they keep reducing what they give us. There are a lot of things to consider. She said that she would start with the Board of Ed. Enrollment is down by 50 kids. She also feels that the mental health burden that the teachers and schools are feeling is something that the parents should be watching for and dealing with. She said that she would not recommend where to cut however the budget is up by \$1.2M and she cannot support that number so she suggested a \$208,000 reduction to the requested increase. On the Town side she said that her concern is with going to the fund balance for \$675,000. That puts them in a situation and there is not a lot of room to make reductions. That being said, she feels that salaries have escalated higher than they should have and suggested a reduction to salaries of \$10,000. Also, the Flanders Fire dept is up by 6% and Niantic Fire dept is up by 3.4% - there is room there to be more efficient so she proposed that \$10,000 could be reduced there. That comes to \$20,000 from the Town which Mr. Nickerson would find. She noted that from 2013 – 2016 that the budget increases were less than 3% and then last year it was 6% and this one is 5%. She said that she does not think that these increases are consistent with the direction that the economy is moving in.

Ms. Alberti said that she wanted to go on record saying that they did a great job presenting their budget and that her questioning is meant not to be judgmental but to understand what the \$70M budget means to the Town. She said that it was brought to her attention that her questions and comments with regard to the BOE

budget led people to believe that she did not value the families with young children moving to our Town for the excellent school system. She would like to apologize for not verbalizing her position well and would like to take this opportunity to clearly express her viewpoint:

*"In no way do I want to deter families with three (or any number) of children moving into Town. I absolutely believe this type of migration is natural and necessary to ensure the vitality of our or any community. What I failed to articulate is that I believe it is critical to manage the balance between households with children and households without. Losing a disproportionate number of wealthy households with no children creates a financial strain on municipalities, as well as a greater burden on the remaining taxpayers in Town. Further, I believe that pricing some households on fixed incomes with no children out of the market is slightly a response to the demands of a more vocal, not necessarily larger demographic. Now, with that being said I was happy to hear from our Senior Services Director that our over 65 population has remained the same from last year."*

She said that she is trying to sustain a balance going forward. She said that she has no specific line item reduction suggestions for the BOE and does understand the need for the social workers but is not sure that they should all be done at the same time – perhaps fund one and get the statistics on it and see how that goes. Also, find out how parents can get involved with the monitoring of the behavior of their children. With respect to the Town budget – Community Services (115) was funded to \$25,000 for the year – she said that she proposes adding to it - \$1000 for a new line item entitled the Brian Dagle Foundation as they do have this organization in Town that can help families. She thanked Mr. Nickerson for his zero-based budget that was put forth but noted that she does not feel that 5% increases are sustainable so something has to be reduced there. She hears both sides of the story on wages but median is not an average – it only means that 50% fall above and 50% fall below. There is not a lot to cut on the Town side except perhaps salaries. On the Board of Ed side they have been warning for years that we are losing funding. Every year we hear that we can't, or shouldn't cut the BOE budget – for all of her years on the Board of Finance they have never cut the BOE budget – they have only reduced the requested increase. Together this is close to a 6% increase to the taxpayers. She said that she thinks that this year is the one where they need to have serious reductions in the request. For years they have seen declines in enrollment and they still will not see the increases to the 3200 that it was when she moved here however the administrators have stayed the same. She would like to get the increase to the taxpayers down to around 4%. This would be around a \$1.4M reduction.

Mr. Pazzaglia said that he thinks that the Town could find \$10,000 somewhere. The departments do a great job but on the flip side when you look at the salaries, he thinks that \$10,000 could be cut from there. With regard to the BOE – it is a \$48M budget and he said that he would like to see a \$200,000 reduction to the requested increase. Additionally he knows that they are proposing the social workers however that may be a bit aggressive to do it all at once and that should be re-considered.

Mr. Weber said that he has gone through both budgets extensively. He would not like to see a reduction in the Town side – but would like to see a grant writer hired to help them with bids and grants. His suggested Town reduction of \$1750 is comprised of: dept 104 - \$500; dept 107 - \$250; dept 118 - \$500 and dept 224 - \$500. Further he suggested that dept 110 could be reduced by \$2000; dept 216 by \$4000. The water & sewer hydrant increase of 10% should be reduced to 5%; the NFD and FFD should have \$3000 taken from fuel and that should be split between them and used for recruitment. For the Board of Ed he suggested a reduction to their request of \$100,000.

Ms. Picarazzi asked for a consensus on pulling \$675,000 out of fund balance as she does not think it is good practice to do it.

Mr. Birmingham said that the total fund balance is \$5.2M and if they reduced it by \$675,000 – he asked how that would affect their bond rating.

Mr. Nickerson said that they do not know at this time but they do need to protect it. If they do not use the \$675,000 they will have to cut expenditures by that amount.

Ms. Alberti said that she thinks they have to come up with a hybrid solution. She is also against taking the \$675,000 out of fund balance – it is more than 10% of the fund balance. She suggested that they remove \$325,000 from the \$675,000 and have them come back if necessary for a special appropriation for other dollars.

Ms. Picarazzi said that she heard that they would like to reduce \$200,000 from the BOE – that would mean that they would need to take \$125,000 from the Town side.

Mr. Pazzaglia agreed with the hybrid approach.

Ms. Santoro asked the exact number of fund balance.

Ms. Johnson said that it is approximately the \$5.2M.

Ms. Santoro said that she has a conservative approach. In a perfect world she would not touch it at all but would instead, add to it. However, they have to compromise and she would have to agree with the hybrid approach here.

Ms. Alberti said that she is hearing that they are looking for \$325,000 with \$200,000 from the BOE and \$125,000 from the Town. If they calculate that – it still shows a 1.4 mil increase, last year they did a .88 mil increase that did help somewhat. She would like to see a more reasonable increase to the taxpayers; she does not think that \$200,000 from the BOE is enough this year but the \$125,000 from the Town is way too much.

Mr. Nickerson said that they received \$1.7M in cuts from the State in two years. The State cuts are expected to affect the property taxes which are going to price people out of this Town and out of the State.

Ms. Alberti asked if they can buy some time –

Mr. Nickerson said that the highway project will still happen and that it has to happen before the development can happen. Costco knew this. They are probably about five years away from these highway projects being completed.

(Note: A brief break was taken here.)

Mr. Weber asked if there was anymore discussion.

Ms. Picarazzi asked if they want to resolve the fund balance issue.

Mr. Weber said that it goes hand in hand – he asked what they specifically want to decrease.

Ms. Picarazzi said that it seems not to be a good practice to keep using fund balance.

Ms. Johnson said that they generally use some but that it is only recently that it was increased to the \$675,000.

Mr. Pazzaglia asked what mil rate scenarios they are looking at.

Ms. Alberti said that if they pass it as it is – that it is a 1.46 mil or 5.6% increase.

Mr. Weber said that it seems that there is not enough to remove to get to where they propose to be.

Discussion continued on where they might want to be but not being able to find the areas to reduce to get them there.

Ms. Alberti said that she could and would make a motion.

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

Ms. Alberti moved to add \$1000 to Dept. #115 – Community Services by adding a line item titled “Brian Dagle Foundation” funded at the \$1000.

Ms. Picarazzi seconded the motion.

Vote: 6 – 0 – 0. Motion passed.

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

Ms. Picarazzi moved to reduce the Board of Ed requested budget increase by \$200,000.

Ms. Santoro seconded the motion.

Mr. Birmingham asked if they go with this if they are looking for \$150,000 from the Town.

Mr. Weber said no, there is nothing that says that anything has to add up to something else.

Vote: 5 – 1 – 0. Motion passed.

Against: Ms. Alberti

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

Ms. Alberti moved to reduce the Town proposed budget by \$35,000.

Mr. Weber seconded the motion.

Mr. Weber said that if you take everything that they came up with that this \$35,000 is average.

Ms. Picarazzi asked Ms. Alberti to increase this reduction to at least \$50,000.

Ms. Alberti said that she is not sure that they could get there as she has gone on record that the BOE could be cut more. She thinks that the Town is bare bones and does not want to go to the \$50,000.

Vote: 3 – 3 – 0. Motion failed.

For: Mr. Weber, Ms. Alberti, Mr. Pazzaglia

Against: Ms. Santoro, Mr. Birmingham, Ms Picarazzi

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

Ms. Picarazzi moved to reduce the Town proposed budget by \$50,000.

Mr. Birmingham seconded the motion.

Ms. Santoro said that she could not get behind the \$50,000 or support it as she has reviewed the budget several times and cannot find it.

Vote: 4 – 2 – 0. Motion passed.

For: Ms. Picarazzi, Mr. Birmingham, Mr. Weber, Mr. Pazzaglia

Against: Ms. Alberti, Ms. Santoro

**F. Public Discussion**

Mr. Weber called for any comments from the Public.

There were none.

**G. Board Comments**

Mr. Weber asked if there were any comments from the Board.

Ms. Alberti said that she would like to leave budget deliberations open and further discuss them at their Regular meeting on Wednesday. She would like to move the beach enterprise fund back into the regular budget but keep off-line information on it.

Ms. Picarazzi said that she would like discussion on how revenue is handled within the departments.

**H. Adjournment**

Mr. Weber called for a motion to adjourn.

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

Ms. Alberti moved to adjourn this Special Meeting of the East Lyme Board of Finance at 10:05 PM.

Mr. Birmingham seconded the motion.

Vote: 5 – 0 – 0. Motion passed.

Respectfully submitted,

Karen Zmitruk,  
Recording Secretary