

**EAST LYME BOARD OF FINANCE
PUBLIC HEARING MINUTES
FY 2011-2012 PROPOSED BUDGET
Monday, APRIL 25th, 2011**

Members In Attendance: Robert Kleinhans, Chairman
Steve Larcen, Secretary
Steve Harney
Raymond Hart
Steve Kelley
Lisa Picarazzi

Also In Attendance: Paul Formica, First Selectman & Ex-Officio
Tim Hagen, Chairman, Board of Ed
James Lombardo, Superintendent of Schools

Absent: No One

A. Call Meeting to Order

Chairman Kleinhans called this Public Hearing on the FY 2011-2012 Proposed Budget of the East Lyme Board of Finance to order at 7:05 PM.

B. Pledge of Allegiance

The Pledge was observed.

Mr. Kleinhans outlined the format of the meeting and introduced the members of the Board to the audience.

C. Board of Finance Presentation of Proposed Budget for FY 2011-2012

Mr. Kleinhans said that he would have Mr. Larcen, Secretary on the Board of Finance do the presentation. He explained that the budget as crafted reflected a slight decrease of .05 of a mill.

Mr. Larcen thanked his colleagues on the Board of Finance for their confidence in him to make this presentation. He also thanked the Board of Ed and Town Government officials and staff for their timeliness in getting the information to the Board of Finance that they had requested.

He explained the summary process that they followed: - the Board met seven (7) times with the various departments and to review and cut some \$930,522 from the budget that was presented to them. The budget represents an overall 1.22% increase from FY 10/11 and an estimated 0.24% decrease in the current property tax mill rate which is about .05 of a mill. He said that the Board of Finance will meet after tonight's Public Hearing to further finalize the budget that will go to a Town Meeting on May 9, 2011 and then to a referendum.

In a Power Point presentation he noted that they would have a net increase in revenues due to an increase in State Aid to the Town – such as with a portion of the increased sales tax as well as a portion of the increased hotel occupancy tax that would be returned to the Town. It is also anticipated that there will be an increase in zoning and building permits of some \$50,000 based upon current trends and a potential increase of \$63,000 from increased single stream recycling activity. He also went over the major reasons for reduced revenues in the FY11-12 budget and the reductions that the Board of Finance had proposed from the budget, as received from the Board of Selectmen. He noted that there is a reduction in debt service due to April refinancing of Town debt.

He said that the current budget is \$60,770,731 and that the budget being submitted this evening for comment is \$61,511,706. He noted that people frequently ask if the cuts proposed are proportionate and the

pie chart shows that Education is 67% of the total budget with General Government at 24%; Capital 1%; Contingency 0% and Debt Service, 8%. He said that each of the department heads was helpful in working with them on this budget. The acquisition program for vehicles spreads out the cost over the life of the vehicle. There is also a contingency line item set aside for unexpected items. He explained that three (3) years ago the Board of Finance adopted a policy of a 7% undesignated fund balance and that they should hit the 7% by the end of this year and that it should allow for the use of \$537,500 while achieving the 7% target. He said that they had all worked together in these tough economic times. The Town Meeting on the budget will be held on Monday, May 9, 2011 at 7 PM here in the High School Auditorium.

Mr. Kleinhans said that Mr. Formica, First Selectman would say a few words regarding the budget.

D. Comments by First Selectman

First Selectman, Paul Formica thanked everyone for coming; Mr. Larcen for his presentation and the Board of finance and Board of Ed for the good working relationship they all had. He said that it was a true team effort and thanked Mr. Giannattasio and Ms. Johnson for their leadership. He said that the referendum voting will be on Thursday, May 19, 2011 from 8 AM to 8 PM at the East Lyme Community Center.

He said that they are all affected by this economy and thanked the department heads for holding the line on spending. He thanked Dr. Lombardo for the good working relationship that they have and said that he look forward to expanding the partnership to a facilities maintenance program. He noted the operating reduction and cited the single stream recycling program. He explained that project implementation takes time and noted the re-tooling that will take place with Public Works and the Parks & Recreation people moving to the Field Services Building on Colton Road later this year. Care & Share will move into the Highway Superintendent's old office and some of the other nearby space and pay the costs to heat and cool the area that they will be using. Other areas will be divided up for storage for many of the departments who need it. He noted the various initiatives that will be brought forth in terms of roof and road repairs. The four Town Probate district is in the cottage and the expenses are being shared. On the roof of that building there are solar panels that were provided free under a federal program and for the first month or so; they used no energy as it was supplied by the panels. There is also a new LCD flat screen in the reception area of Town Hall that scrolls the meeting schedule and other upcoming information. It can also be used to show meetings live on the TV screen should there be a large number of people in attendance at a meeting that overflows into the lobby area. With thanks to Dick Morris, Fire Marshal, the Middle School has a generator through a grant program. Streetscape III is also in progress and will provide many more parking spaces for the downtown area. The vehicle acquisition program has enabled them to be able to replace severely outdated vehicles and pay for them over the life of the vehicles. He said that he has also been working with the Op-Sail Committee in New London as the tall ships will be returning in 2012 and New London has asked us to again host them in the Bay the night before. This would be in July 2012 and he would like to coordinate the Celebrate East Lyme event for that time. There will be a local committee and the public is invited to join it. He thanked everyone for their support and hard work and urged them to go out and vote at the referendum.

He said that Tim Hagen, Board of Ed Chairman and Dr. Lombardo, Superintendent of Schools would speak to them next.

E. Comments by Board of Education Chairman

Tim Hagen, Board of Ed Chairman noted the extent of the meetings that they held and acknowledged the great staff that they have and thanked the community for their support in sustaining excellence in the education of the children. He thanked staff, teachers, administrative personnel, custodians and all of the people who make things happen in the schools each day. He then introduced Dr. Lombardo, Superintendent of Schools.

Dr. Lombardo, Superintendent of Schools thanked everyone and said that he would present the high points of the school district budget in a PowerPoint presentation. He noted that the FY 2011-2012 budget represents a 1.78% increase over the current year. He said that they increased the repair budgets to try to keep things up, especially with technology where they have experienced some breakdowns in computer switches. They will be working on the \$460,000 reduction to the budget that was made by the Board of Finance and have not yet identified where it will come from. He explained that they are trying to develop a business plan for programs and alternative education programs. They have commissioned a study which showed that it is less costly and better for the child to be educated within the district. He noted that the new

programs that they developed with the stimulus monies for the current year were able to be absorbed into the curriculum for the upcoming year. Future plans involve the continuation of extended day programming, vocational programming and a new Coastal Connections program of alternative education where they hope to provide real opportunities for those who have trouble in a traditional environment. He said that he expects the program to be self sustaining in three years. He said that they have completed a feasibility study on the school buildings and a long term vision for the district. They will soon invite members from the public who are interested in being on this committee to join them and they will work closely with the Town 20 / 20 Vision Committee.

He said that they know that this is a difficult year and he thanked Mr. Formica for all of his hard work and the Boards of Selectmen and Finance and everyone who has worked tirelessly on this for many months now. He said that as always, they put the children first and will continue to give them the best possible education.

F. Public Discussion

Mr. Kleinhans said that the Board of Finance has held seven (7) budget meetings where they take public comments in the beginning and again in the end of the meeting. The Board of Selectmen has also held many budget meetings where they have taken comments. Those comments have been incorporated into this budget. This budget also relies on the current State budget assumptions which should be passed sometime next week.

He then called for public comments and asked that speakers state their name and address and spell their last name if it might be unusual or subject to being misspelled.

Karen Rak, 27 Black Point Road said that as they have spoken about 'assumptions' with this budget – that is her problem with it – the spending has increased and the budget is based upon assumptions. She asked that they ask Dr. Lombardo about the 25% increase in legal fees –

Mr. Kleinhans asked Dr. Lombardo for clarification on that –

Dr. Lombardo said that it had actually decreased from FY 09-10 and that they have now increased it from \$80,000 to \$100,000 as they have bargaining unit contracts and arbitration. He noted the \$711,000 increase in the Board of Ed budget with cost cuts of \$930,000 and said that they need to have the taxpayer realize these cuts.

John Drabik, 18 Drabik Road said that they are proposing a fine looking budget in terms of spending but the revenue side is weak at best and is based on "mights." While Malloy provides parts of the tax increases that he is putting in place with the State, to the Town – the bottom line is that we will pay more in taxes to give back to the State and then to ourselves in the Town. And – while the Town bills itself as a tourist Town, the Hotel Tax will probably hurt more than it will help. The revenues are very fuzzy and this is a poor budget. People's fuel costs are going up as well as everything else and you are defending a budget. Also – how many more employees is the Town hiring in this budget?

Mr. Formica said none.

Mr. Drabik said that there is a rumor that the Highway Superintendent is getting a Highway assistant. He then asked about raises for non-union salary people and if that is in the budget.

Mr. Formica said that it is in the wage contingency and that he does not participate in that decision as he is part of that class. That will not be decided until late fall once the committee meets.

Mr. Drabik said that last year there was a 2.75% increase and that he knows that they will say that people deserve it.

Isidore Schwartz, 107 Columbus Ave said that it looks like a pretty fair budget to him and asked for a ball park number on revenues being returned this year.

Mr. Formica said that part of the fund balance - \$537,000 is predicated on the Board of Ed returning \$250,000 from their budget this year and the Town returning \$300,000.

Mr. Schwartz asked if the school was working on any pre-kindergarten programs.

Mr. Hagen said that is a good question as they have been looking at those programs.

Mr. Schwartz said that the indication from Washington is that there will be funding for those programs. He suggested that they come up with some programs as they could probably get the funding for them.

Mike Schulz, Lovers Lane said that he attended most of the Board of Ed and Board of Finance budget meetings and that he thinks that the most important part of the school system is professional development as

it is necessary to keep the level of education up. He thinks that they need to put money into improving the quality of teaching. He said that he had two questions – Is the Town getting about a 2.2% increase? Mr. Formica said that was for this year but they do not know about next year. He explained that the increase was retroactive to July 1, 2010 and that they will repeat the review process after the new fiscal year starts. Mr. Schulz noted the feasibility study and that the total of it is 23M in this years dollars and that it will go up in subsequent years and that they need to be mindful of that.

Bob Gadbois, 358 Boston Post Road said that he also attended a lot of the Board of Ed and Board of Finance budget meetings. At the Board of Ed meetings he heard about the solar panels, new boiler and new phone system that would net them savings but – they have never seen these savings – they have only seen budget increases. He said that he also hears about a decrease in the student enrollment numbers and asked why not a decrease in the budget.

G. Board Comments

Mr. Kleinhans thanked everyone for coming and speaking and asked if any of the other board members had comments.

Hearing none –

He said that they would adjourn this meeting and hold a Special Meeting in the INTV Room to take action on this budget for Town Meeting.

He thanked everyone for their hard work and invited the public to attend the Special Meeting in the INTV Room.

H. Adjournment

Mr. Kleinhans called for a motion to adjourn.

****MOTION (1)**

Mr. Kelley moved to close this Public Hearing of the Board of Finance on the proposed FY 2011-2012 Budget at 8:15 PM.

Ms. Picarazzi seconded the motion.

Vote: 6 – 0 – 0. Motion passed.

Respectfully submitted,

Karen Zmitruk,
Recording Secretary