

**EAST LYME BOARD OF FINANCE
PUBLIC HEARING MINUTES
FY 2013-2014 PROPOSED BUDGET
Thursday, APRIL 25th, 2013**

Members In Attendance: Raymond Hart, Chairman
Steve Harney, Secretary
Camille Alberti
Steve Carpenteri
Steve Kelley
Lisa Picarazzi

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

Absent: No One

A. Call Public Hearing to Order

Chairman Hart called this Public Hearing on the FY 2013-2014 Proposed Budget of the East Lyme Board of Finance to order at 7:05 PM.

B. Pledge of Allegiance

The Pledge was observed.

Mr. Hart welcome everyone, introduced the members of the Board and said that they would first hear comments from the Board of Education Chairman, Tim Hagen.

C. Comments by Board of Education Chairman

Tim Hagen, Board of Ed Chairman said that they felt that they had submitted a good budget. On Tuesday evening at a Board of Ed meeting Dr. Lombardo walked them through the potential areas for the \$650,000 cut. He said that everyone agreed that the FT Kindergarten must go forward so they would be cutting into some of the 'flesh' which Dr. Lombardo will explain. He said that there are also some cost savings such as with health insurance that will come into play. He 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 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 said that the current 1.76% increase in the budget includes the FT Kindergarten program and without it, it would have been the lowest budget increase ever. They strived to keep the tech upgrades and maintaining the class sizes at research base levels as they are a recognized school district and among the top 2% of school districts. He noted that the new athletic field should be ready for use in the coming weeks. He said that as always, they put the children first and will continue to give them the best possible education.

D. Comments by First Selectman

First Selectman, Paul Formica thanked everyone for coming. He said that there are a few items that he would speak about. First – he said that he feels that the top 2% designation for the schools deserves a round of applause. He also noted that in a State of CT on-line poll that Niantic is #1 and that if it remains so some beneficial advertising would come their way.

He explained the budget process noting that it starts in December and culminates in May with the Annual Town Meeting (May 13, 2013) where the vote on the budget is sent to Referendum (May 23, 2013). He said that they receive approximately \$8.5M from the State in several ways – the largest is the \$7.1M to

Educational Cost Sharing (ECS). There is also Payment in Lieu of Taxes (PILOT) funding which is for State properties to try to make Towns 'whole' and the PEQUOT funding that was \$329,000; however they are not sure of what it will be this year. He explained that the Governor proposed this year to add the \$755,000 for PILOT to the ECS and reduce the PILOT to zero – with 'no strings' - meaning that they could not get to that money to use it. It does not look like this will happen however as a result of the Governor and the appropriations budget – they are short by approximately \$400,000 – but the State is still working on their process and does not have to finish it before we need the numbers for our budget. With regard to the car tax – while the idea is still out there – it does not look like it will happen this year. The Town would lose \$2.4M in tax revenue if that is adopted. He said that he proposed to the Board of Finance that they put \$500,000 towards the budget from fund balance as they return approximately \$500,000 each year to the general fund from the hard work of the department heads and staff. He suggested that they cap the fund balance at 8%.

He lastly noted that the Amtrak portion of the Boardwalk is expected to be opened around the middle of June. Our half is expected to be under construction towards the end of the summer.

E. Board of Finance Presentation of Proposed Budget for FY 2013-2014

Mr. Hart thanked everyone for coming explained the summary process that they followed: - the Board met seven (7) times with the various departments and to review and cut some \$978,607 from the budget that was presented to them. The budget represents an overall 1.58% increase from FY 12/13 and an estimated 0.74 increase in the current property tax mill rate. This is still a 'fluid' number until more final numbers come in from the State. 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 13, 2013 and then to a referendum.

In a Power Point presentation he noted the key increases and decreases in Revenue in the FY 13/14 budget: The Key Increases are:

- Tuition from other districts - \$131,673
- Use of fund Balance - \$500,000
- Building Permits - \$30,000
- Town Fees - \$8,000

The Key Reductions in revenue as compared to the prior year is from:

- Taxes – Current Grand List (Amended) - \$319,755 less
- Fees, Transportation Subsidy, Salem Debt - \$8,980 less
- Sewer Assessments - \$439,006 less
- Conveyance Taxes due to economic climate - \$25,000 less
- Tax Relief – Sales Tax and Room Occupancy Tax - \$100,000 less
- Commercial Tipping Fees - \$37,000 less
- Decrease in State Aid - \$329,644 less

He said that the current budget is \$62,215,721 and that the budget being submitted this evening for comment is \$63,199,865 – a 1.58% increase. He noted that people frequently ask if the cuts proposed are proportionate and the pie chart shows that Education is 66% of the total budget with General Government at 24%; Capital 1%; Contingency 1% 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 the Fund Balance Policy for reserves of 7.9% of expenses preserves the credit rating and lowers borrowing costs. They would like to have it at 8% and hold it at that percentage. The estimated returns from the Town and Board of Ed for the current year allows for use of \$600,000 while maintaining the 8%. He said that they had all worked together and that economics are still lagging behind in this area of the State. The Town Meeting on the budget will be held on Monday, May 13, 2013 at 7 PM here in the High School Auditorium.

F. Public Discussion

Mr. Hart called for public comments and asked that speakers state their name and address for the record.

Lisa Timothy, Library Director said that she would like to address the \$15,000 reduction that they had made to the library budget. She said that she was the Assistant Library Director for nine years before becoming the Director last year when Mr. Deakyne retired. While it had been suggested that perhaps they could recoup the \$15,000 by closing for one hour per week for the year – that reduction does not equate to \$15,000. If they were to close on Mondays from 9 AM – 1 PM they would save \$10,000; if they closed Monday evenings from 5 PM to 9 PM – they would save only \$7,600; and if they were to close on Sundays they would just about get to the \$15,000. None of those options seem viable for a public library which is very busy, especially when economic conditions get worse (as they are now). They see some 300-400 (minimum) people per day and provide computer services to many who otherwise would not have that option. She asked that they restore the full amount or at least meet her half-way.

David Arnold, 160 Upper Pattagansett Road thanked them for their efforts with the budget. He said that he was concerned about the cuts to the library as he knows how important it was to him and to his education. He said that in reviewing the budget that he finds it interesting that it is listed under Culture & Recreation rather than Education. He said that he would prefer to see the Police vehicles reduced rather than the library which is about 2% of the budget. He also noted that the school library budget is two-thirds of the whole Town library budget.

Mary Walsh, 2 Spencer Avenue said that she is on the Library Board and wants the \$15,000 reinstated in full. They always talk about the library being for everyone in the Town and it is an important resource. They have the people to run it and the building and it needs to be open for the public.

Bob Tobin, 315 Boston Post Road said that he has been on the Library Board for a number of years. He commended them on putting the budget together. He said that the library is important in tough economic times and it used more. It is an important asset to the Town and to those who are struggling with looking for a job it is an even more important asset.

John Drabik, 18 Drabik Road said that they keep saying that it is only a three-quarter of a mill increase over this years' budget – but if you go back over the years – it has gone up consistently – and the grand list goes down – the taxes go up. Only \$150 more per house; then only \$250 more per house – they have to reduce this budget more as it is not fair to the taxpayers and it does not make sense.

Karen Rak, 27 Black Point Road said that she believes that they need to do more reducing and suggested that they start with the following: Finance Dept. showing a 17.7% increase; Harbor Management showing an 11.5% increase; Parks & Recreation showing a 14.79% increase; Capital showing a 24% increase and the School Coastal Connections program showing a 54% increase – perhaps the Board of Ed has wiggle room there.

Joe Mingo, 397 Boston Post Road said that he had a question about the reduction in the Tree Warden budget – how much is the budget and how much has it been decreased? He said that he is the Assistant Deputy Tree Warden in Town and that the budget should be \$100,000 and the next time that the power goes out he wants them to call the Town officials and ask why the money is not there to cut the trees and complain to them. Also they over-stepped their bounds when they cut the ZEO as he works for the Zoning Commission and it is against the statutes to reduce his hours. He also said that he wants to know about the smoke and mirrors about the Town Employees who are now paid out of the bonding for certain projects and where the dollars will come from once the projects are done and they are not let go.

Marc Salerno, 424 Boston Post Road said that he is the Zoning Commission Chairman and has been on the Commission for a number of years. He read a letter that he submitted into the record noting that the Zoning Officer has been with the Town for 28 years and asking that the salary line item reduction of \$16,000 that was made be restored so the position is back to a full time position. He said that this year is probably the busiest of the past four years. (Letter attached to minutes)

Ron Rando, 194 Boston Post Road said that as far as he was concerned they could do away with the whole Zoning Commission and Zoning Officer as they drive more business out of the Town than they bring in. He said that they have quite a bit of money in reserves with the \$5M and asked how much we save in our lending rate when we go to borrow with that 8% fund balance.
Mr. Hart said that he would get the figures.

Mr. Rando said that if they have \$5M in that fund balance then the taxpayers are being overtaxed. Further, they do not need FT Kindergarten and with the school budget if all they are going to cut from them is the \$650,000 then they should sharpen their pencils and cut more.

John Drabik, 18 Drabik Road said that he keeps hearing about projected revenues and said that you cannot base a budget on projected revenues – it has to be actual. He added that he thinks that it might even be illegal to do so.

Anne Campbell, 6 South Cobblers Court said that she supports the Board of Ed budget and thanked everyone for their efforts. She said that she hears that everyone has a specific cause and that she has heard people speak about things that have happened before however she feels that people are asking for things such as the FT Kindergarten and that everyone has the right to speak and be on their soapbox – and the FT Kindergarten is the schools' soapbox and their chance to speak.

Mike Schulz, Lovers Lane said that he is all for the FT Kindergarten and education however they need to have trade-offs and the FT Kindergarten will continue to cost more each year. He noted as evidence that in 2009 Student Activities cost \$750,000; in 2013 they cost \$914,000 and for 2014 they are projected to cost \$958,000. They have to find ways to pay for things. They also cannot continue with the COLA and step increases that keep happening.

Mr. Lombardo said that the teachers in the school system had no step increases for three years.

Mr. Schulz said that people in certain areas or levels did get step increases.

Mr. Lombardo noted that the Board of Ed did extensive research on salaries in the specific reference area and found that our salaries are at the bottom of those of competitive High Schools that they are being compared with. They also have lost or could not hire people that they wanted due to the salaries that are offered by others in comparison to ours.

Mr. Schulz said that he appreciates the response and that his intent is not to be derogatory – he was only stating that there was movement within certain pay scales.

John Bonelli, 12 South Trail said that he felt compelled to speak on behalf of Mr. Mulholland. He said that he is a self-employed carpenter/businessman in this Town and has been for many years. For as many of those years he has worked with Mr. Mulholland. He thinks that it is a thankless job. He has seen First Selectmen come and go and Mr. Mulholland has stayed. He knows how important his work is to the public. The regulations are black and white and not gray and time and again he has dealt with Bill and suggested that something might be possible and has been told that while it may seem so – the regulations are black and white; not gray. They have been in a recession since 2008 and he does not understand cutting this position in 2013 and wonders if it is politically motivated. He said that the area downstairs in the Town Hall is the work horse of the Town and all of the people there deserve to be respected.

Anne Chekal, 21 South Cobblers Court thanked them for the time they had spent on the budget and asked that the Board of Ed budget not be cut any further as they have a great education system; great schools and great teachers.

Ron Rando, 194 Boston Post Road said that he has been around here for a long time and has attended meetings for 40 years. He hears the same thing about the teachers not being paid the same as the other Towns. He said that he does not care about the other Towns – we live in this Town and there are people here who cannot afford to continue to live here. He said that there were two other things he wanted to say – he remembers when they were talking about tearing down the school buildings and he had suggested putting them together and remodeling the both of them. He was told that they would not get as much money if they were to renovate and it would not be worth it. Well - he read an interesting thing in the newspaper a day or so ago when Dr. Lombardo said that they get more State revenue to renovate than they do to do a new building. Second – the Boardwalk was not supposed to cost taxpayers a dime – so they built it and it blew apart in the first storm. They have received insurance dollars and FEMA dollars and it will cost \$20M by the time that it is finally done.

Karen Rak, 27 Black Point Road said that in a previous meeting that she had asked for the overall number of FTE's for the Town and a breakdown of the number of staff, management, etc. and that she was still waiting for that information.

Norm Peck, 32 West Main Street said that he has been a member of the Zoning Commission for 32 years and that he respects Mr. Rando and understands that they have to listen to him. He said that he would like to have a private conversation with him regarding the businesses that have not been welcomed to this Town. He also said that the cuts in the Zoning Officer's time should have been done some four to five years ago when the economy dropped but today things seem to be ramping back up.

John Drabik, 18 Drabik Road said that he had a question regarding the interconnection project – the taxpayers of East Lyme provided money for the regional interconnection and he wanted to know what the Montville Industrial Park contributed to that expense for what they are getting out of it. If they are not getting anything from them, this is why the EL Water & Sewer is next to broke and does not have any money.

G. Board Comments

Mr. Hart thanked everyone for coming and speaking and asked if any of the 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.

H. Adjournment

Mr. Hart 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 2013-2014 Budget at 8:25 PM.

Ms. Picarazzi seconded the motion.

Vote: 6 – 0 – 0. Motion passed.

Respectfully submitted,

Karen Zmitruk,
Recording Secretary