

**REGULAR MEETING MINUTES Wednesday, FEBRUARY 11th, 2009
EAST LYME BOARD OF FINANCE**

Members In Attendance: Steve Larcen, Chairman
Jeff Langan, Secretary
John Birmingham
Jill Carini
Bob Jones
Allan Taylor

Also In Attendance: Paul Formica, First Selectman
Anna Johnson, Finance Director
Scott Bassett, McGladrey & Pullen
Michael Giannattasio, Director of Public Works
Brad Kargl, Municipal Utility Engineer

Absent: No One

A. Call Meeting to Order

Chairman Larcen called this Regular Meeting of the East Lyme Board of Finance to order at 7:00 PM. He noted that Ms. Carini would be arriving shortly.

B. Pledge of Allegiance

The Pledge was observed.

C. Delegations

Mr. Larcen called for delegations.

Kevin Seery, 25 Quailcrest Rd.; Chairman of the Board of Ed noted that they had supplied them with the updated information and that Tim Hagen is the budget committee chairman and that he will ask that he contacts them to speak with them regarding budget information coordination. He noted that from where they stand right now, that if everything continues as it is that they would end up at \$69,000 to the positive. Individually by line items they are over in salaries due to unexpected resignations in the middle of the year and having to have a long-term substitute principal at Flanders School. He said that there is a freeze on hiring and on just about everything and that they have had a few positives in diesel fuel and heating oil. At this time, they will not know what the State's reimbursement rate is until much later on in the year. They are going with an assumption of 75% even though it is supposed to be reimbursed at 100% after the 4X expenditure. They also plan on making the last payment of \$197,000 for the OHIO Plan Early Retirement as by doing so; they will realize a savings. He also reported that they are hoping to be on-line with solar power in a few weeks time.

Mr. Larcen asked about the timing of when they would be notified of what they will get from the State. Mr. Seery and Mr. Smotas said that they typically do not get notified until late in the year and that last year it was in May. They think that the State waist and looks at its pool of money before notifying them of what they are going to get.

Mr. Taylor asked about the unexpected resignations. Mr. Seery said that Mr. Buck and another administrator retired in the middle of the year and they were due payment for accrued time that they had such as vacation. He noted that 64 other Towns within the State have so far submitted their budgets and that the budget that East Lyme Schools has submitted is lower than most of those.

Mr. Taylor thanked Mr. Seery for the excellent information and asked if it would be possible to have the

update emailed to them a few days before the meeting rather than to receive it the evening of the meeting. Mr. Seery said that he would work on that.

Bob Gadbois, 358 Boston Post Road said that he has attended a lot of meetings in this Town and that he is surprised that he has not heard what happened with the Board of Ed meeting where the TV's were on during the meeting. He said that he is not very happy with that and that he knows that a lot of people out in the public also are not very happy about it.

D. Approval of Minutes

◆ Wednesday, January 14, 2009 - Regular Meeting

Mr. Larcen called for a motion for approval or any changes to the Board of Finance January 14, 2009 Regular Meeting Minutes.

Mr. Taylor asked that on Page 5 under Old Business where he is speaking in the third paragraph that the sentence be changed to read: 'Mr. Taylor pointed out that in the past the Chairman or the Board has been responsible for submitting the annual report.'

****MOTION (1)**

Mr. Taylor moved that the Board of Finance Regular Meeting Minutes of January 14, 2009 be accepted as amended.

Mr. Jones seconded the motion.

Vote: 4 – 0 – 1. Motion passed.

Abstained: Mr. Langan

◆ Wednesday, January 28, 2009 - Special Meeting

Mr. Larcen called for a motion for approval or any changes to the Board of Finance January 28, 2009 Special Meeting Minutes.

****MOTION (2)**

Mr. Langan moved that the Board of Finance Special Meeting Minutes of January 28, 2009 be accepted as presented.

Mr. Birmingham seconded the motion.

Mr. Taylor said that he thought that they should post their Budget meeting schedule as they are approving the meeting dates.

Mr. Larcen said that they would, however he felt that they should wait until they discuss it later on during the meeting.

Vote: 5 – 0 – 0. Motion passed.

(Note: 7:15 PM – Ms. Carini joined the meeting)

• Progress Report from Independent Auditor on FY 2008 Audit

Scott Bassett from McGladrey & Pullen said that they made a lot of headway and have finished their work at the Board of Ed as the records were ready for review. Here, on the Town side, they have caught up with Ms. Johnson's work and she is diligently working to pull the last of it together for them. He noted that the day to day reconciliations are fairly well caught up which is a positive and which will make things easier in the future.

Mr. Taylor asked about the Board of Ed issues that he had brought up some time ago regarding the \$900,000 in encumbrances on future years expenses and insurance charges, and on items being purchased without going for Town Meeting approval.

Mr. Bassett said that he has not received the capital asset detail yet and that they have not tied together the encumbrance listing yet. They will look at those from 2008. He noted that it looks like the end of February window is moving closer and said that he has spoken to the State and may have to file for a further extension.

Mr. Taylor asked what the ramifications to the Town would be in not having the audit done by the end of February.

Mr. Bassett said that it would most likely be nothing in terms of penalties as there are other Towns that have also pushed their end date that far out. He added that with Ms. Johnson getting the systems in order that they will have staying power to make everything much better for subsequent years. He said that they

will also have some findings that will be addressed.

Mr. Langan asked the implication of this with respect to this Board being able to receive the audit review at the Special Meeting set for February 25, 2009.

Mr. Bassett said that it seems that it would be sometime in March that they would be able to present the audit to them, however; he would know better next week and they could expect to hear then if the February date should be cancelled.

E. Reports

a. First Selectman

- ◆ Update on Authorization, Issuance and Sale of not exceeding \$16,000,000 Town of East Lyme General Obligation Refunding Bonds

Mr. Formica said that they have a copy of the Board of Selectmen 'refunding of \$16M in bonds' that was approved at a recent meeting. He said that they acted on the \$5.3M and that the ratio of savings to cost is 3:1.

Mr. Taylor complimented Mr. Formica on following through on this as it had been discussed earlier.

Mr. Formica said that Ms. Johnson and the bond advisor were also vigilant.

Mr. Formica reported on these other items:

- ◆ The Governor's initiatives have areas of cuts and some are in the Resident Trooper program. He said that while it is not a lot of money, it becomes equivalent to the bond re-financing savings which, while they are staying even – in this economy, staying even is not enough. So, he has asked the Charter Revision Commission to move forward in looking to add a clause that would allow them to change over to their own Police Department as an option should it become necessary and the Resident Trooper program faces more cutting as has been discussed. He said that he also asked for another Sergeant's position in the budget so that they would have full-time coverage. This would represent a 3% increase from the top stipend and may require an entry level person coming in.
- ◆ The budget presented to the Board of Selectmen last week showed a \$160,000 reduction on the Town side and they have since taken another \$100,000 off. They also had a meeting with the Health Insurance people and were able to forecast a loss ratio at 32% from the previous 89% so they will not ask for no increase in that line item which would realize another \$100,000 savings. They are also instituting a wellness program and are hoping that will realize more savings down the road.
- ◆ As previously stated, he asked the departments to hold back on 1.5% of their current budgets and with that they are expecting \$200,000 to \$250,000 this year to offset shortfalls.
- ◆ The grand list growth is just about 1%.
- ◆ Revenues from permits and conveyance fees are down and they are not sure of where the Governor stands yet.

Mr. Larcen said that the Governor proposed a retirement program that she wants approved by the end of March so that she will be able to see where they stand.

Mr. Taylor asked the total staff count for the police department.

Mr. Formica said that for full time it is 21 and we are at 20; and for part time it is at 4 and we have 3.

Mr. Langan said that in the Government Stimulus Package that there were monies for local education and asked if it would be in addition to the ECS money.

Mr. Formica said that it is the money that is 'at risk' as was explained by Senator Dodd. It would also be a one-time 'in addition to' the ECS money.

Mr. Larcen asked why the Charter bears on how we organize our Police Department.

Mr. Formica said that it is driven by Charter and therefore he asked the Charter Revision Commission to research it. He noted that Ledyard is similar and that they had their Charter allow for the independent structure to happen. He said that he just wants something there so that, in the event that other things happen, they would not have to re-convene the Charter Revision Commission just to work on that one thing.

Mr. Larcen asked about the PILOT TAR funds.

Mr. Formica said that he thinks that they have not been adjusted for inflation for many, many years.

b. Finance Director

◆ **Update on Account Reconciliations and Report**

Ms. Johnson said that she wants to get through this audit and that she is doing the best that she can to get it wrapped up as soon as possible. She then reviewed her month end report with them and the revenue forecast update noting that they have received many late tax payments so it would be another month before they would have a better handle on where that stands. She asked if they had any questions.

Mr. Larcen asked if they had information on the foreclosures in Town or if they could get it.
Ms. Johnson said that she could get it for them.

Mr. Langan asked that they see the adjustments at the March meeting in case they have to respond to a larger than already expected deficit.

Mr. Larcen asked that it be presented on a spreadsheet.

Ms. Johnson said that she would do that.

Mr. Langan asked about Public Works which continues to show a high expenditure rate. He said that he knows that they encumber a lot and asked how much was due to expenses and how much was just because of the weather that we have had this year.

Mr. Larcen said that they are asking if this department is operating within its budgets.

Ms. Johnson said that she thinks that it is the encumbrances that make it look differently.

Mr. Formica said that Mr. Giannattasio, Director of Public Works was present and that he could explain that to them.

Mike Giannattasio, Director of Public Works said that the Storm Account was cut back the last time by \$6,000 however, they are now \$17,000 over which is the nature of the year we are having. He continued to explain his line items and said that he does not see them in real trouble and that it is the 'blankets' that make it appear skewed.

Mr. Taylor asked about the maintenance on police cars.

Mr. Giannattasio said that if it is an insurance claim that it goes to a separate fund and is spent from there and not from the maintenance line item. Otherwise it comes from the maintenance line item.

Mr. Larcen asked Mr. Formica about the labor fees and if they will moderate now or stay the same.

Mr. Formica said that they have just conducted their sixth day in arbitration and they should know the decision of the arbitrator sometime in late April.

F. New Business

a. Discussion and possible action to transfer \$87,273 from wage contingency account to various budget line items to fund settlement with AFSCME Local 1303-229 workers.

Mr. Formica said that this was the transfer from the wages retro to July 1, 2008 and called for a motion.

****MOTION (3)**

Mr. Taylor moved to approve a transfer in the amount of \$87,273 from account 9-01-01-120-100-500 (Town Payroll Pending PR Change) to various budget line items as itemized on the attached worksheet titled, "Town of East Lyme AFSCME Local 1303-229 (Administrative/ maintenance) 2008/2009 Funding Agreement".

Mr. Langan seconded the motion.

Vote: 6 – 0 – 0. Motion passed.

b. Discussion and possible action to transfer \$59,962 from wage contingency account to various budget line items to fund COLA for non-affiliated employees.

Mr. Formica said that this was the transfer for non-affiliated employees on wages retro to July 1, 2008 and called for a motion.

****MOTION (4)**

Mr. Taylor moved to approve a transfer in the amount of \$59,962 from account 9-01-01-120-100-500 (Town Payroll Pending PR Change) to various budget line items as itemized on the attached worksheet titled, "Town of East Lyme Unaffiliated COLA increases 7/1/08 – 6/30/09 Additional Funding Required".

Mr. Jones seconded the motion.
Vote: 6 – 0 – 0. Motion passed.

c. Discussion and possible action to amend A Resolution Appropriating \$4,180,000 For Various Water System Improvements

****MOTION (5)**

Mr. Jones moved to approve the "Resolution Amending A Resolution Appropriating \$4,180,000 For Various Water System Improvements and Authorizing the Issuance of \$4,180,000 Bonds of the Town to Meet Said Appropriation and Pending the Issuance thereof the making of Temporary Borrowings for such Purpose" .
Mr. Taylor seconded the motion.

Mr. Formica synopsised the projects that are being looked at and said that it is crucial in moving forward to solve the Town's summertime water crises and that this is being repaid by the ratepayers of the water system. He said that the new wells will be able to help with the summertime crises and that they have a MOU that they have signed with the State Dept. of health regarding their concerns with solving the water supply problem. He noted that by the year 2040 that they expect there would be a 10M gallon per day water shortfall and that the projects they are undertaking now are intended to help with that. He said that some of our highest priorities are also high on the States' list of priorities. Between Well 2A and Darrow Pond, they are hoping to pretty much mitigate the shortfall for this July. Some of the monies are also for the regional interconnection. He noted that the regional interconnection also allows water to flow both ways, in both directions and can be a source of income during our lower demand months. He said that they are also working with Camp Rell on some capped wells there as an option. He strongly urged that they adopt this, this evening as it will keep these projects moving forward.

He said that Mr. Giannattasio and Mr. Kargl were present this evening to answer any questions they might have and that they also had a power point presentation ready to go should they like to see it.

The consensus of the Board was that they did not need to see it but would like to have a hard copy of it if one was available.

Mr. Kargl said that he had hard copies and would be happy to provide them with one. (Copy attached at end of minutes)

Mr. Taylor said that, as they know, this was a bit of an issue to him as he was concerned with them having control over their water system. He said that he now realizes that this actually gives them additional control over their water rather than less and that he is in favor of it.

Mr. Larcen asked how the funding works and the percentage.
Mr. Formica said that it was 2% DWSRF funds.

Mr. Larcen asked if there was any Federal Stimulus money available here.
Mr. Formica said that he has pushed this forward to the Governor and Congressman for funding.

Vote: 6 – 0 – 0. Motion passed.

G. Old Business

◆ Discussion – Proposed 2009/2010 Budget Planning

Mr. Larcen noted that he had provided a draft of the breakdown of the meetings with which departments they might see on those evenings. He apologized that he had missed listing the April 6, 2009 meeting date and suggested that they use it for 'catch up as needed' in the event that they run long some other evening. He asked if they had any comments.

Mr. Taylor asked about the times listed for the departments.
Mr. Larcen said that they were approximate and that for some of the longer ones he understood that bonding would be proposed for their consideration.

The Board agreed with the budget meeting schedule breakdown and asked that it be posted.

Mr. Taylor noted that the Assessor's Report that they had in their packets did not have headings over the columns so they could not tell what they related to. He said that it appears to be the same form that is used to report this information each year and asked if they could ask the Assessor to please provide heading titles.

Ms. Johnson said that she would.

◆ **Sub-Committee Report: Financial Policies**

Mr. Langan reported that they are looking at dates to reconvene.

H. Public Discussion

Mr. Larcen called for Public Discussion.

There was none.

I. Board Comments

Mr. Larcen called for Board comments.

Mr. Taylor said that he was cleaning out old papers and that he came across a letter that he had written dated March 19, 1996 to Dave Jacobs, Chairman of the Board of Finance at that time regarding the Board of Finance Functions & Responsibilities. He said that it is still relevant and read it into the record and passed out copies to the Board members. (Copy attached at end of Minutes)

J. Adjournment

****MOTION (6)**

Mr. Langan moved to adjourn this Regular Meeting of the East Lyme Board of Finance at 8:55 PM.

Mr. Taylor seconded the motion.

Vote: 6 – 0 – 0. Motion passed.

Respectfully submitted,

Karen Zmitruk,
Recording Secretary