

**EAST LYME BOARD OF FINANCE
SPECIAL MEETING MINUTES
Wednesday, JANUARY 19th, 2011**

Members In Attendance: Bob Kleinhans, Chairman
Steve Larcen, Secretary
Steve Harney
Steve Kelley
Lisa Picarazzi

Also In Attendance: Paul Formica, First Selectman
Mike Giannattasio, Public Works Director
Brad Kargl, Municipal Utility Engineer
Don Iannicelli, Geo-Insight
Chris Clark, Mohegan Tribe
Donna Bekech, Assessor
Anna Johnson, Finance Director

Absent: Raymond Hart

A. Call Meeting to Order

Chairman Kleinhans called this Special Meeting of the East Lyme Board of Finance to order at 6:12 PM.

B. Pledge of Allegiance

The Pledge was observed.

C. Delegations

Mr. Kleinhans called for delegations.

There were none.

D. Approval of Minutes

◆ **Wednesday, December 8, 2010 - Regular Meeting**

Mr. Kleinhans called for a motion for approval or any changes to the Board of Finance December 8, 2010 Regular Meeting Minutes.

****MOTION (1)**

Mr. Kelley moved to approve the Board of Finance Regular Meeting Minutes of December 8, 2010 as presented.

Ms. Picarazzi seconded the motion.

Vote: 4 – 0 – 0. Motion passed.

◆ **Thursday, December 9, 2010 - Special Meeting**

Mr. Kleinhans called for a motion for approval or any changes to the Board of Finance December 9, 2010 Special Meeting Minutes.

****MOTION (2)**

Mr. Kelley moved to approve the Board of Finance Special Meeting Minutes of December 9, 2010 as presented.

Ms. Picarazzi seconded the motion.

Vote: 4 – 0 – 0. Motion passed.

◆ **Wednesday, December 22, 2010 - Special Meeting**

Mr. Kleinhans called for a motion for approval or any changes to the Board of Finance December 22, 2010 Special Meeting Minutes.

****MOTION (3)**

Mr. Kelley moved to approve the Board of Finance Special Meeting Minutes of December 22, 2010 as presented.

Ms. Picarazzi seconded the motion.

Vote: 4 – 0 – 0. Motion passed.

E. Reports

◆ **First Selectman**

Mr. Formica said that he has attended many meetings regarding the regional water and also reported –

- ◆ That the Board of Selectmen would begin their budget reviews in February
- ◆ They are discussing a couple of different options regarding a Health District. Ledge Light currently charges \$7.60 per person and is proposing for the next fiscal year to charge \$7.41 per person. They have put a placeholder in effect in the event that they leave. A COG sponsored Health District would charge in the \$3 to \$4 per person area.
- ◆ They are coming in fairly flat operationally.
- ◆ At the State level he heard the Governor speak at a COST Meeting today and it seems most likely that there would be a revenue cut and it seems that they will have the information fairly early.

(Note: 6:17 PM – Mr. Larcen joined the meeting)

- ◆ The Pension Committee meets quarterly and will be meeting this week.
- ◆ They received some new furniture that was donated from Town Resident Peter Strouch. The old furniture will go to the Public Works complex on Capitol Drive.
- ◆ On Friday he will be conducting Customer Service seminars for everyone.

◆ **Financial Report**

Ms. Johnson said that she had included her letter in the packets with the reports and that she would answer any questions that they might have.

Mr. Kleinhans asked if the Audit had been filed in time for year end.

Ms. Johnson said yes.

F. New Business

◆ **\$8,154 Transfer request – Assessor – for Personal Property Software Program**

****MOTION (4)**

Mr. Kelley moved to approve a transfer of funds in the amount of \$8,154 from account 1-01-01-102-200-216 (Service Contracts) to a new account to be established entitled “Assessment Software”.

Mr. Harney seconded the motion.

Mr. Formica explained that this would make it easier to operate the personal property software. They are also able to purchase it cheaper now and they also have the funds in their Service Contract budget.

Mr. Larcen asked what the reason was for the surplus in that account.

Ms. Johnson said that it has to do with the revaluation contract.

Vote: 5 – 0 – 0. Motion passed.

◆ **Discussion / Action \$10,971,000 – Bonding Resolutions for the Acquisition/Design/Construction of the East Lyme/New London Regional Interconnection Project**

****MOTION (5)**

Mr. Kelley moved that it be Resolved: that the resolution entitled “Resolution Appropriating \$10,971,000 for the Acquisition, Design and Construction of the East Lyme – New London Regional Interconnection Project and Authorizing the Issuance of \$10,971,000 Bonds of the Town to meet said Appropriation and Pending the Issuance Thereof, the Making of Temporary Borrowings for Such Purpose”, a copy of which is attached hereto, is hereby adopted and recommended for approval by the Board of Finance and the legal voters of the Town at Town Meeting.

Mr. Harney seconded the motion.

Mr. Formica explained that this is probably the single most important item to come before them for the Town and the community. He said that Mr. Giannattasio, Mr. Kargl, Mr. Iannicelli from Geo-Insight and Mr. Clark of the Mohegan Tribe are present this evening as they have been working on this project as it has been long in the making. When he came into office there was no discussion about water and mandatory conservation became the issue. This problem had to be solved. He noted that they have a copy of a PowerPoint presentation, a Day Editorial endorsing this and the City of New London actively involved. He said that in a January 3, 2011 article the New York Times said that big companies are poised to expand again. He is hoping that some of them will expand here. But, water has been a problem of East Lyme’s for several decades. We operate six wells and wells five and six are forced to shut down due to stream flow restrictions when we most need the water.

He explained the considerations that were entertained and presented at the Special Meeting on December 9, 2010. They will send roughly 125,000 gallons per day during the September to May time frame which is around 30M gallons of water and they will take it back in the summer months when they need it. This would allow New London to use this water rather than their own and not draw down their own. It would also eliminate the ‘island’ type of situation that East Lyme is in. This also allows the opportunity to get water from Groton. This is also the cheapest and most opportune time to do this. He presented Graph ‘B’ scenario on debt service and a listing of the various capital projects. He explained that they are asking for \$10.9M and that they have received a \$300,000 federal grant minus \$9000 to the State of CT as a pass it through fee. The DWSRF 80% (\$8M) comes at a low interest rate of 2%. In reviewing the debt service items he noted that some of the items do not come up as they are planned to. The 20/20 Vision Committee has been meeting and expects to present a report soon which will further update the capital projects listing. He said that he thinks that the \$10.9M will come in at less once the project is put out to bid. It is coming to them now as the DWSRF monies have some strings attached to them and they have to be in process with the project by July 2, 2011. He explained that they have tried all methods of expanding their water supply with new wells and most recently stream flow augmentation where they pump water into the stream to keep the level up so that they can keep the well running.

Ms. Picarazzi asked for an explanation of the acquisition costs of \$1.9M.

Mr. Formica said that they have to find an area to put some equipment and the tank and that it is for land acquisition.

Ms. Picarazzi asked if that was in addition to as she did not recall it being \$12.1M.

Mr. Formica said yes.

Ms. Picarazzi asked if it would be correct to say that we do not currently own the land to put the tank on.

Mr. Formica said yes.

Ms. Picarazzi said that she thinks that \$4M for land seems rather high. She also asked about the fee agreed on for New London of \$50,000 and what it was based on.

Mr. Formica said that the amount is what they thought that they would need to do this.

Ms. Picarazzi said that she would back up and say that she is in favor of the project and feels that it needs to be done however she thinks that they need more detail on the \$50,000.

Mr. Formica said that it is based on flow and that Mr. Kargl worked statistically with it to come up with a figure. It is based on the water that we send with a factor taken out for evaporation (15%). A minimum of 14M gallons will be sent as water has to be moving through the system.

Ms. Picarazzi asked where the treated water that they are sending them will go.

Mr. Formica said that they would be pumping it to their treated water system that they are using.

Ms. Picarazzi asked if there is protection in the contract with New London against future escalation.

Mr. Formica said yes, it is based upon our water rates.

Ms. Picarazzi asked if in the contract there is something written to provide for if their supply ever runs out.

Mr. Formica said yes. This is Phase I of the project and the next is to increase the depths in Lake Konomoc to be able to get more water to pump and then to eventually tie into Groton and Norwich.

Mr. Larcen asked about the 3.75% rate on the \$3.8M and what it was based on.

Ms. Johnson said that it is based on similar Towns and that they hope to beat that rate.

Mr. Larcen asked about the scope of the project as the motion is for \$10,971,000 and there is a \$300,000 grant and they have also seen \$12.1M.

Mr. Formica said that the \$10.9M is what they are asking for approval. They expect the project to come in under and be around \$10.5M.

Mr. Larcen asked about the \$12.1M.

Mr. Formica said that the \$8M and \$4.1M = \$12.1M.

Mr. Larcen asked about the \$4.1M.

Mr. Formica said that would come at a later time. He said that he would like to bring this to referendum in early February so that they can go out to bid and get the better numbers as this is a solution to the public safety, health and welfare and economic development issues of the Town.

Mr. Kleinhans asked if there were any other questions –

Hearing none, he called for a vote on the motion –

Vote: 5 – 0 – 0. Motion passed.

◆ **Board of Finance proposed 2011/2012 Budget**

Ms. Johnson noted the supplies cost for the budget books is \$358.00.

Mr. Kelley asked about the audit amount.

Ms. Johnson said that it is the last year of the contract.

Mr. Kelley suggested that they request a lower figure in the upcoming contract.

G. Old Business

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

Mr. Kelley asked that a meeting of this subcommittee be set up in February including himself, Ms. Picarazzi and Mr. Brailey.

◆ **Review of Open Items**

Mr. Kleinhans asked Ms. Johnson to present a review on the items listed in the audit going forward.

H. Public Discussion

Mr. Kleinhans called for Public Discussion.

There was none.

I. Board Comments

Mr. Kleinhans called for Board comments.

There was none.

J. Adjournment

Mr. Kleinhans called for a motion to adjourn.

****MOTION (6)**

Ms. Picarazzi moved to adjourn this Special Meeting of the East Lyme Board of Finance at 7:10 PM.

Mr. Kelley seconded the motion.

Vote: 5 – 0 – 0. Motion passed.

Respectfully submitted,

Karen Zmitruk,
Recording Secretary