

TOWN OF EAST HADDAM
BOARD OF FINANCE
Regular Meeting
June 9, 2014
Town Grange

The regular meeting of the East Haddam Board of Finance was called to order at 7:00 pm by Chairman Susan Link.

In attendance:

Board of Finance Members:
Susan Link, Chairman
Robert Bennett
William DiCristofaro
Bruce Dutch
Harvey Thomas
Raymond Willis

Others:
Mark B. Walter, First Selectman
Emmett Lyman, Selectman
Deb Denette, Town Clerk and recording secretary
Denise Dill, Tax Collector
Craig Mansfield, Director of Facilities and Operations
Cindy Varricchio, Finance Director
Mark Knittel, Information Technology Manager
Peter Simmons, Economic Development Coordinator
Approximately twenty people were present in the audience

APPROVAL OF AGENDA

Motion was made by Mr. Bennett to approve the agenda as presented. Mr. Dutch seconded the motion and it was unanimously approved. Motion carried.

APPROVAL OF MINUTES

Motion was made by Mr. Bennett to approve the May 20, 2014 special meeting minutes with the following amendments:

Page 2—2014-2015 Budget Discussion—add to the second paragraph following the exit poll results: “More than 220 of those that completed the exit survey felt both the budget was too high and...”

Page 4—under discussion of the motion add “In addition, Board Members contemplated a reduction of \$193,338 to the Board of Education budget while leaving the general budget as presented.”

Page 4—First Selectman’s Report—strike from the second paragraph “...fuel is not allowed to be moved” and replace with “...fluorescent orange buoys are visible”.

Mr. Willis seconded the motion and it was unanimously approved with amendments. Motion carried.

Motion was made by Mr. Thomas to approve the minutes of the May 28, 2014 special meeting with the correction of a typographical error:

Page 2—Public Comment—first paragraph, last sentence, correct “net” to “next”.

Mr. Willis seconded the motion and it was approved with Mr. Bennett abstaining. Motion carried.

CORRESPONDENCE

Nothing noted.

CHAIRMAN’S REPORT

a. Tax Collector Report:

Mrs. Link inquired whether Mrs. Dill had anything of interest to note. Mrs. Dill stated that she is slightly behind in collections resulting from properties in foreclosure. She stated that the banks are not paying the taxes unless the property is ready for sale. Mrs. Link requested that the tax collector re-name the report from Month-End Balance Sheet to Tax Collector Report.

FIRST SELECTMAN’S REPORT

a. Shared Services Update:

Mr. Walter requested that Mr. Mansfield present the shared service report.

Mr. Mansfield reported that the renovations to the Grange and Town Halls are almost complete. He stated that the next phase will be the parking lot, however, it will not be undertaken until after the referendum.

Mr. Mansfield reported that the USDA awarded Connecticut only \$91,000 in grant monies, resulting in the Town’s \$6,000,000 grant request to not be funded. Direct loan applications have not been determined by the USDA at this time, however, staff is no longer hopeful that East Haddam would receive grant funding.

Mr. Mansfield noted that the Emergency Services Committee has been re-activated and that it is reviewing what to do with the firehouses. The Municipal Facilities and Elementary School Building Advisory Groups continue to meet. Responsive to inquiry from Mr. DiCristofaro, Mr. Mansfield stated that the Town will need to scale back on all projects. He noted that there are some “must do’s at the elementary school”. Mr. Mansfield stated that \$2,000,000 could easily be spent on the elementary school.

Mr. Mansfield reported that all of the Town-owned roofs have been inspected, and are now on a replacement cycle. Plots of land are now being leased at the Harris property. Emergency Management will be participating in a state-wide drill the later part of the month.

Mr. DiCristofaro stated that if the Town has to expend \$2,000,000 on a band aid approach at the elementary school it will need to deduct that amount from the funding it has available for projects. He questioned how long such a band aid will hold. Mr. Mansfield advised two or three years. Mr. DiCristofaro inquired if there was a timeline. Mr. Mansfield stated that second opinions are being solicited now. He stated that the Committee is baffled that a \$12,000,000 to \$13,000,000 project three years ago is now a \$25,000,000 project today (based on O & G's estimates). It was suggested that the projects need to be scaled down considerably. The roof and the boiler at the elementary school were noted to be priorities. Responsive to inquiry from Mr. Thomas, Mr. Mansfield suggested that firm figures might be available by Labor Day.

Mrs. Varricchio reported that the Town has gone live with the new chart of accounts.

Mrs. Varricchio reported that if the referendum fails, the Town will need to move forward with appropriating matching funds for the technology infrastructure grant (matching funds are included into the 2014-2015 budget). She stated that the Town must commit to using all grant funds by the beginning of August. Mrs. Link commented that the loss of the grant could be a consequence of a failed budget. Mrs. Varricchio stated that she would rather see a special appropriation made from this year's budget, than to lose the \$310,000 grant. She stated that it would be a good idea to have it on the agenda for the special meeting following the budget referendum.

Mr. Walter stated that the Board of Selectmen was charged with responding to a \$32,000 budget reduction from the 2014-2015 budget. He reviewed a capital projects analysis that repurposed funds remaining from the 4-8 middle school project totaling \$27,597; painting that did not occur at the River House of \$845, \$526 remaining from Heritage Park, and \$3,032 remaining after installation of the security cameras at the old middle school. Mr. Walter stated that the Board of Selectmen were unanimous in their proposal that the funding be repurposed to address the budget reduction sought.

Mrs. Varricchio reported that the Town experienced a malware virus. She noted that this very new virus entered the Town on a Friday afternoon and corrupted all documents in the shared files. She noted that Land Use, and the Tax Department were the hardest hit.

Mrs. Varricchio stated that she was aware that members of the Board of Finance had concerns with the security breach, she stated that she asked Mr. Knittel, the Town's Information Technology Manager, pursuant to Shared Services, to advise what happened and what has been done to remedy the situation. Mr. Thomas stated that he was less concerned with what happened as he was with the lessons learned so as to prevent it from happening again.

Mrs. Varricchio reviewed the history of IT since she had been hired. She noted that had this breach happened five years ago the Town would have lost everything.

Mr. Knittel addressed the technical aspect of the virus that came through an e-mail on an executable file that quickly impacted the land use department. He further noted that more redundancies are being put in place. Responsive to inquiry from Mr. Thomas, Mr. Knittel stated that the total exposure of documentation that could be lost today is 50 minutes. Mr. Knittel stated that back up devices are brought offsite once a week. Mrs. Denette offered the vault as a secure place to store back up files.

Responsive to inquiry, Mr. Walter stated that if further cuts are required to the budget there would be impact to public safety and roads. It was noted that the capital projects were set up so that savings would stay in the account and be available to fund future projects. He stated that the \$32,000 proposed to address the budget cuts is not committed. It was noted that the Board of Finance did not need to vote on the recommendation that the Board of Selectmen proposed to offset the \$32,000 reduction.

FINANCE DIRECTOR'S REPORT

a. **May YTD Budget Report:**

Year to date reports were reviewed. Mrs. Link questioned funding that remained largely unspent at this point in the year. Mrs. Varricchio responded that they are transfers to other funds that are transacted at the end of the year. It was also noted that some of the accounts are paid at year end, such as the cost of the Resident State Trooper.

It was noted that the Board of Finance has not utilized its contingency this year.

The Building Department is up in revenues. The Tax Collector has collected more in interest and fees than projected. Shady Brook legal expenses have totaled \$32,000 to date. The libraries have a \$29,000 variance. It was noted that there is no history for projecting Library revenues and expenditures. Town Clerk fees are under where projected, however, expenses are also down.

LIAISON REPORTS

Nothing reported.

OLD BUSINESS

Nothing reported.

GUESTS AND AUDIENCE COMMENTS

Randy Miller representative of the Lakes Association noted that they would be requesting to repurpose some of their funding. He noted that the Moodus Reservoir group was focused on its 501c(3) status and it did not use its funding. Mrs. Varricchio stated that she could put together a motion for the Board's next meeting for their consideration if they so directed. They so directed.

Mrs. Deb Corbeil inquired if the malware problem impacted any of the programs accessed by the public. Mrs. Varricchio reported that only Town files were contaminated. She also requested that the \$32,000 reduction be discussed at the Town Meeting scheduled for that evening, as she could not hear what was reported. Mrs. Corbeil requested that general government administration budget labelling be renamed as it is confusing to follow. She also noted that the decimal point should be changed as it impacts the mill rate.

Mrs. Denette left at this time to moderate the Town Meeting.

NEW BUSINESS

- a. **Economic Development Commission Municipal Tax Abatement Program—Eddie's Autobody:**

Economic Development Coordinator Peter Simmons was in attendance to discuss the abatement; however due to the Town Meeting scheduled for that evening and the overrun of the Board of Finance meeting beyond 8 pm, Mr. Simmons was requested to attend the June 19, 2014 Board of Finance Meeting to discuss.

Motion was made by Mr. Bennett to adjourn at 8:08 pm. Mr. Willis seconded the motion and it was unanimously approved. Motion carried.

Respectfully submitted,

Deb Denette