

TOWN OF EAST HADDAM
BOARD OF FINANCE
Special Meeting
May 20, 2014
Town Hall

The special meeting of the East Haddam Board of Finance was called to order at 8:15 pm by Chairman Susan Link.

In attendance:

Board of Finance Members:

Susan Link, Chairman
Robert Bennett
William DiCristofaro
Bruce Dutch
Harvey Thomas

Others:

Mark B. Walter, First Selectman
Deb Denette, Town Clerk and recording secretary
Denise Dill, Tax Collector
Cindy Varricchio, Finance Director
Approximately twenty-three people were present in the audience

APPROVAL OF AGENDA

Mr. Bennett motioned, Mr. Thomas seconded to approve the agenda as presented.
The motion approving the agenda as presented carried unanimously.

APPROVAL OF MINUTES

Regular Meeting Minutes March 10, 2014
Special Meeting Minutes March 18, 2014
Special Meeting Minutes March 20, 2014
Special Meeting Minutes March 24, 2014
Special Meeting Minutes March 25, 2014
Special Meeting Minutes March 26, 2014
Special Meeting Minutes March 31, 2014
Regular Meeting Minutes April 22, 2014

Mrs. Link stated that the word "last" needs to be replaced with "land" in the last sentence of the second paragraph under Open Space Commission grant application on the minutes dated March 10, 2014.

Motion was made by Mr. Bennett motioned to accept the slate of minutes with the correction as noted. Mr. Dutch seconded the motion and it was unanimously approved. Motion carried.

CORRESPONDENCE

Nothing noted.

CHAIRMAN'S REPORT

a. 2014-2015 Budget Discussion:

Mrs. Link stated that the mill rate cannot be set as the budget did not pass. (434 yes and 494 no). She stated that she felt that adjustments could be made tonight so that the process can move forward.

She noted that the results of the exit poll as follows:

In my opinion, the Board of Education budget that I voted on today was:

Acceptable	74	too high	112	too low	112
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In my opinion, the General Government budget that I voted on today was:

Acceptable	142	too high	110	too low	26
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Mrs. Varricchio reported that 302 people completed the survey. Approximately one-third of those who voted.

The Board concurred that the budget should be decreased and not increased.

Mrs. Link inquired whether any cost savings have been identified since the Board of Finance moved the current budget forward. Mrs. Varricchio responded that the town is slated to receive additional state monies, \$14,000 however, that she would be reluctant to add it to the budget because other state monies could be reduced.

Mr. DiCristofaro noted that the proposal that went forward had a 2.05 mill rate impact. He inquired what amount would be reduced if the mill rate impact were lowered by half a mill. Mrs. Varricchio responded that a half mill would require the budget to be reduced by \$400,000. Discussion was held on whether \$400,000 was too much or too little to cut. At this time it was suggested that the Board of Education budget could be reduced by \$193,838. To attain a \$400,000 cut would require approximately \$207,000 to be cut from the general government budget.

Mrs. Link suggested that perhaps the LION system for the library could be pursued another year. It was noted that a \$193,838 reduction would bring the mill rate increase down from 2.05 to 1.82. Mr. Thomas stated that he believed that the town should not take an equal hit, but something proportionately smaller. He stated that the education budget is two-thirds of the total town budget and that the relative pain should be proportionate.

Responsive to inquiry, Mrs. Varricchio reported that \$18,867,533 was the educational portion of the \$29,731,259 budget presented. Mr. DiCristofaro concurred with Mr. Thomas about sharing the burden proportionately.

Mrs. Link requested that the agenda be amended to accommodate public comment.

Motion was made by Mr. Dutch to amend the agenda to include public comment. Mr. DiCristofaro seconded the motion and it was unanimously approved. Motion carried.

PUBLIC COMMENT

Jay Moreau noted that it was a pretty tight vote and that the turnout was relatively high for a budget vote. He wished the Board of Finance good luck in its deliberations.

Ed Blaschik inquired what the current rate of inflation is in comparison to the increase to the budget. Mrs. Link stated that the current rate of inflation is 1.5% and the tax increase was proposed at 8.5%. Mr. Blaschik suggested that the tax increase needed to be more in line with what people could be expected to pay.

Mrs. Link noted that the town has not been receiving off setting revenue. Mr. Blaschik stated that neither have the taxpayers. Mr. Walter responded that what used to be \$400,000 in interest income is now only \$30,000. Mr. Blaschik stated that likewise those on fixed incomes and relying on savings are having a difficult time with the growth of taxes.

Laurie Alt stated that she does not like to see her taxes go up, however, she noted that the cost to educate per student goes up when population goes down. The fixed costs continually increase.

Lenore McLean suggested that the town needed to do a better job with its marketing.

Maryjane Malavasi stated that the materials presented offered too much information and were difficult to understand.

Mr. DiCristofaro inquired of the audience if they concurred with the Board of Finance that the budget failed because it was too high. No argument was voiced.

Selectman Ernest Malavasi defended the budget presented by the Board of Selectmen as one that was thoroughly reviewed and moves the town forward. Mr. Walter echoed Mr. Malavasi's comments and noted that the challenge is for long term viability. He noted that a \$190,000 cut to reserves would be the easy cut. He discouraged the Board of Finance from making such a cut.

Randy Miller suggested that only a modest decrease be brought forward, with the education budget bearing the brunt of the cut, as the vote was fairly evenly split. He also encouraged better marketing.

Lisa Cahill noted frustration with such a small percentage of voters that came out. She also noted that although it is a resident's civic duty to be informed, many did not have enough of an understanding of whether the budget was good or bad to want to come out. She suggested that a more simplified version be prepared and marketed. Mrs. Denette noted that the town must be careful not to advocate in the materials it distributes.

Tammy Spurgeon noted the impact of all the stress on the students. She noted that the students suffer with bare bones budgets. She also concurred that too much information was

presented making it difficult to understand. She noted that the Public Hearing had so much information people were lost and didn't necessarily know what questions to ask.

Mrs. Alt concurred that a great job is being done, but noted that it is overwhelming.

Motion was made by Mr. Bennett to reduce the Board of Education budget by \$100,000 (a zero percent increase over last year's budget). Mr. DiCristofaro seconded the motion.

Discussion:

Mr. Bennett stated that was the motion that he made two months ago. Mrs. Varricchio reported that a \$100,000 reduction will reduce the mill rate increase from 2.05 to 1.93. Mr. DiCristofaro stated that he did not believe that it was the mill rate, but the amount that resulted in the budget's failure. Chairman Link called for a vote on the motion on the floor.

The motion was unanimously approved. Motion carried.

Mr. Thomas suggested that given the declining enrollment the school understand that next year it should be prepared to come forward with a zero budget increase as well. He noted that the argument to reduce the budget the additional \$93,000 as allowed by law this time around is very compelling.

Mrs. Varricchio stated that when the budget dates were set the dates for a second referendum if needed were prepared. She stated that to follow that schedule the public hearing would be on May 28, 2014, followed by a Board of Finance meeting. The town meeting on the budget would be on Monday, June 9, 2014 and the budget referendum would be held June 19.

b. Tax Collectors Report:

Mrs. Dill stated that she has scheduled a tax sale for August 5th. She noted that one property on the list has redeemed and another has been pulled due to a bankruptcy filing. No comments or questions were raised.

FIRST SELECTMAN'S REPORT

Mr. Walter distributed the profit and loss budget vs actual from July 2013 through April 2014 for the East Haddam Ambulance Association. Mr. Walter stated that anything over a \$400,000 profit goes to the Town at the end of the Agreement period. He noted that the Agreement is coming up on renegotiation time.

Mr. Walter reported about a Nuclear Regulatory Committee he is on. He noted that Haddam Residents are very angry that the fuel is not allowed to be moved. Security is beefing up in the area.

He also noted that the Town is doing a better job with upkeep of the ball fields cemeteries and greens due to some recent changes. Shared services reports for April and May were presented without comment.

Mr. Bennett inquired about the status of the dock to be placed on the River. Mr. Walter reported that DEEP requires the water to be photographed for a year for signs of water life prior to installation.

FINANCE DIRECTOR'S REPORT

Mrs. Varricchio reported that discussions are underway to refinance 2008 bonds. This early retirement should save approximately \$200,000 over the life of the debt. We are working with Xaykam Khamsyvoravong our Financial Advisor from Webster Bank. More information will be available at the next meeting. Mr. Dicristofaro inquired about the savings because since 2008 interest rates have mostly remained the same. Mrs. Varricchio reported that this is an opportunity that was not expected, but the Town welcomes it.

a. April YTD Budget Report:

Year to date expenses were reviewed. Registrars will most likely be over budget with a second referendum. Snow removal is \$20,000 over budget. The Tax Collector is doing a great job on collection of interest and penalties and was reported to be \$27,000 ahead of budget.

Libraries are not bringing in the income projected. Building department revenue is over last year. Tuition; it is anticipated that \$76,000 is coming to the town from other school districts. The Board of Education is watching special education very carefully and they have had a budget freeze since March

The Shady Brook tax appeal has been having an impact on the legal budget. Open space was reported to be \$1,700 over its budget.

b. Appointment of Auditor:

The Board of Finance is required to appoint the auditor each year. It was noted that there is a three-year contract with Blum Shapiro that provides for an option for the Town to renew on a year-by-year basis for two additional years; fiscal year 2014 will be the first year of that renewal. A 2% increase for a total 2014 annual cost of \$38,250 is the amount shared by both the town and the Board of Education

Motion was made by Mr. Bennett appoint Blum Shapiro & Company P.C. as the Town of East Haddam Auditor for the July 1, 2013 to June 30, 2014 fiscal year audit. Mr. Dutch seconded the motion and it was unanimously approved. Motion carried.

LIAISON REPORTS

Nothing noted.

GUESTS AND AUDIENCE COMMENTS

Guests and audience comments were conducted earlier in the meeting.

NEW BUSINESS:

a. Tax Suspense List:

Each year the Board of Finance is required to vote on the Tax Suspense List. The suspense list is accounts deemed uncollectable by the Tax Collector. It does not mean that they cannot be collected, it removes them from the financial statements as an asset.

Motion was made by Mr. Bennett s to approve the suspense list in the amount of \$24,544.44. Mr. Thomas seconded the motion and it was unanimously approved. Motion carried.

Motion was made by Mr. Bennett to adjourn at 9:25 pm. Mr. Thomas seconded the motion and it was unanimously approved. Motion carried.

Respectfully submitted,

Deb Denette
Town Clerk and Recording Secretary