

TOWN OF EAST HADDAM
BOARD OF FINANCE
Regular Meeting
January 12, 2015
Town Grange

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

The Pledge of Allegiance was recited.

In attendance:

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

Others:
Mark B. Walter, First Selectman
Deb Denette, Town Clerk and recording secretary
Brian Reas, Superintendent of Schools
Cindy Varricchio, Finance Director
James Ventres, Land Use Administrator
Jay Moreau

APPROVAL OF MINUTES

Motion was made by Mr. Bennett to accept the minutes of the October 20, 2014 regular meeting as presented. Mr. DiCristofaro seconded the motion.

FAVOR: Bennett, Link, DiCristofaro

ABSTAINED: Dutch, Thomas

MOTION CARRIED

Motion was made by Mr. Bennett to accept the minutes of the December 8, 2014 regular meeting, as presented. Mr. Dutch seconded the motion.

FAVOR: Bennett, Dutch, Link

ABSTAINED: DiCristofaro, Thomas

MOTION CARRIED

CORRESPONDENCE

Nothing noted.

CHAIRMAN'S REPORT

a. **Tax Collectors Report:**

No comments or questions were raised.

b. **2015-2016 Board of Finance Budget Request:**

Mrs. Link inquired whether the Board wished to draft its 2015-2016 budget prior to the Board of Selectmen receiving it. In particular, she inquired what the Board wished to do with contingency. She stated that the Board has had discussion about eliminating the contingency line. Mr. DiCristofaro stated that he attended a workshop regarding sinking funds and he suggested that discussion occur regarding earmarking funds for specific projects with funds not expended through contingency. Mrs. Link stated that she believed that was what the Board was doing with its reserves. Mr. DiCristofaro responded that those reserves are to offset future large projects, however, the projects have not been identified. A sinking fund would work like the bucket or envelope system that puts funds aside for later use, such as it does with fire equipment and ambulance purchases. It was noted that policies or procedures have not been developed regarding the set asides to offset large projects that was re-established this fiscal year. Mrs. Varricchio stated that bond council is not in favor of the term debt service funds. Mr. DiCristofaro stated that policies should be in place that assure that the accounting lasts beyond the tenure of the board. Mr. Thomas requested Mr. DiCristofaro to present a draft of his ideas, in spreadsheet form, regarding sinking funds (renamed to whatever is appropriate). Mr. Thomas further inquired what happens to reserve funds set aside for one purpose and reallocated. Mrs. Varricchio reported that action of the legislative body is required to move money in or out of reserve funds.

Mr. DiCristofaro inquired where the town was in its search for a new financial advisor. Mrs. Varricchio responded that she was out of the office a large part of December, she stated that she will begin work on that shortly.

Mrs. Link inquired where the town was regarding the auditor. Mrs. Varricchio reported that we are in the last year of the contract. She stated that a 3% increase was approved for this last year. She stated that she believed that the town would be in a good negotiating position given the smooth audits of the past two years and should be able to hold the line in negotiations.

c. **2015-2016 Board of Finance Budget Workshop Calendar:**

A budget workshop calendar was presented. No concerns were raised with the dates. Mrs. Varricchio stated that she would begin to schedule groups. Mrs. Link requested that revenues be reviewed prior to expense requests. Revenues will be scheduled for the first Board of Finance budget workshop on March 2, 2015.

FIRST SELECTMAN'S REPORT

a. **Shared Services Report:**

Mr. Walter reviewed the shared services report. He noted that the 911 dispatch continues to be a priority. He noted that discussions are being held with Verizon regarding additional towers behind company #1. He added that very disturbing numbers have come forward (\$28,000,000) for the municipal facilities renovation project. He stated that a secondary proposal is being solicited. He stated that if the figures hold, it would be his recommendation to knock the building down. Mr. Ventres stated that in 2010 the same project was estimated at \$9,800,000. He stated that with a 4% inflation rate the figures should not exceed \$12,000,000. Mr. Ventres expressed his belief that something is wrong in the calculations. Mr. Thomas stated that we should have done the project in 2010.

Mr. Walter added that a project at company #2 is moving forward to address water issues.

Mr. Walter advised that there is a Cadillac tax for health insurance that is anticipated to have financial impact to the town regarding health costs associated with retirees. Responsive to inquiry from Mr. DiCristofaro, Mr. Walter stated that he did not know the town's exposure at this point, but we would as the budget process moves along. Superintendent Reas stated that the Board of Education would have very minimal impact regarding this tax. It was noted that moving employees to a health savings account greatly reduced exposure to this tax.

FINANCE DIRECTOR'S REPORT

Mrs. Varricchio stated that payroll was issued through MUNIS last week for both the Board of education and the town. She reported that budgets are being entered directly into the system by staff. Mrs. Varricchio reported that the conversion has not been without bugs, however, it is getting done.

a. **2013-2014 Annual Report:**

Mrs. Varricchio presented a draft of the annual report. She advised that the document is still in the proof reading stage. She noted that the report is shorter than in prior years, and that there were less town meetings.

Mr. Bennett noted that many of the elected officials were duplicated. He also requested some type of delineation regarding paid vs. volunteer firefighters. The use of the word "career" was suggested.

Motion was made by Mr. Bennett to approve the 2013-2014 Annual Report subject to proofreading and to request the Board of Selectmen to schedule a Town Meeting for adoption. Mr. DiCristofaro seconded the motion and it was unanimously approved. Motion carried.

b. **November YTD Budget Report:**

Mrs. Varricchio stated that expenses are tracking well and that there was nothing out of the ordinary included in the financial reports. She called the Boards attention to the legal update on page seven. It was noted that all labor negotiations have been completed. She also noted that the building department revenue is only updated through October, and that November and December would be completed next month.

LIAISON REPORTS

Mrs. Link advised that she met with the Board of Education finance subcommittee earlier this evening. She introduced Superintendent Reas, who was in attendance. A budget overview will be presented at the Board of Education meeting tomorrow evening.

Recognizing that the elementary school needs "lots of love" Mr. DiCristofaro requested an update from Mr. Reas on the facility. Mr. Reas stated that the roof, boiler and parking lot are first priorities. He also stated that the portables are also a high priority. He stated, however, that these are not surprise issues and have been part of the capital plan.

Mrs. Link reported that she meets regularly with Mr. Walter and Mr. Reas to keep apprised of what is going with the Board of Education budget and to ensure there are no budget surprises. In addition they review shared services inasmuch as there is shared supervision of the employees between the town and Board of Education. She noted that there was an additional meeting with Mr. Walter, Mr. Reas and the Chairman and Secretary of the Board of Education to review. Mrs. Link noted that we are in the second year of this endeavor and that not everyone is clear as to the process. She emphasized that the town pays for shared services and the Board of Education benefits. Mrs. Link noted that the technology, facilities and finance staff supervision is shared by both the First Selectman and Superintendent of Schools.

Mr. Thomas stated that he has regular meetings with the Library Director. He stated that a challenge has been trying to meld each libraries friends group. Mr. Thomas stated that it would be helpful to know the amount of funding the town is required to expend on education going into the budget process.

GUESTS & AUDIENCE

Nothing noted.

OLD BUSINESS

a. Open Space Grant/Referendum—Board Action Required:

Mr. Ventres advised that he presented last month regarding the following two parcels:

- 1) Lena property—Tater Hill and Babcock Road
- 2) Zeleznicky property—Sarah Baker Road

He stated that at this time he was looking for the Board of Finance to send the project to bond council to move the project forward. Discussion was held that the town has already approved the financing as it authorized a \$5,000,000 bond authorization a decade ago. He stated that there is still just under \$1,000,000 of that authorization remaining. He stated that the townspeople make the determination if it supports the parcels brought forward at referendum.

Motion was made by Mr. Bennett to move forward with the open space grant and referendum preparation for the Zeleznicky and Lena properties and to authorize the First Selectman to engage bond counsel for that purpose. Mr. Thomas seconded the motion.

Discussion: Mrs. Link stated that although the authorization was already approved, it is not yet budgeted. As it is utilized, it needs to be paid back. Mr. DiCristofaro inquired if the Board was restricted to utilizing bond funding for open space purchases, lengthy discussion ensued. Mrs. Varricchio cited from a prior resolution for open space that the resolution for referendum provides for issuance of bonds and notes, state grant proceeds or other sources of funds including general fund or capital reserve funds. Mrs. Varricchio noted that when a referendum is approved the resolution provides structuring of payment sources and debt for the financing.

FAVOR: Bennett, DiCristofaro, Dutch, Thomas

OPPOSED: Link

MOTION CARRIED

b. Emergency Radio Towers:

Mr. Bennett stated that the town is waiting on hard quotes. He added that if the State puts up its tower, the town needs to be ready to follow quickly, which is why he wanted to keep this on the agenda. Funding may be necessary in this fiscal year.

c. Library Special Revenue Fund:

As noted earlier, the Libraries are looking for a mechanism to capture donations. Presently any donation it receives needs to be turned over to the town, which discourages donations. Mr. DiCristofaro concurred that the Library should be able to set and fund short term goals without going through the budget process if it raises its own funds. Donations have been greatly impacted since the town has taken over management of the libraries. Responsive to inquiry from the Board, Mrs. Varricchio stated that such a fund is not difficult to manage.

OLD BUSINESS

None.

Motion was made by Mr. Dutch to adjourn at 8:24 pm. Mr. Thomas seconded the motion and it was unanimously approved. Motion carried.

Respectfully submitted

Deb Denette