

**TOWN OF EAST HADDAM**  
**Board of Finance**  
**Regular Meeting**  
January 11, 2016  
Grange Hall

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

The Pledge of Allegiance was recited.

In attendance:

Board of Finance Members:

Raymond Willis, Chairman  
Robert Bennett, Secretary  
William DiCristofaro  
Bruce Dutch  
Gregory Lauria  
Harvey Thomas

Others:

Mark Walter, First Selectman  
Susan Link, Selectman  
Deb Denette, Town Clerk and recording secretary  
Bryan Perry, Chairman Board of Education  
Peter Simmons, Economic Development Coordinator (former)  
Cindy Varricchio, Finance Director  
Chris Reed  
Jay Moreau  
John Matthews

**APPROVAL OF AGENDA**

Mr. Willis stated that he would like to move New Business, Item e up on the agenda to after Correspondence.

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

**CORRESPONDENCE**

Mrs. Varricchio reviewed with the Board a publication from the Connecticut Conference of Municipalities regarding the Estimated Reductions in Fiscal Year 2016 Municipal Aid. Mrs. Varricchio noted that our PILOT (Payment in Lieu of Taxes) for state-owned property has been reduced by \$33,323, Education Cost Sharing has been reduced by \$13,949 and Public School Transportation has been reduced by \$2,314. A total reduction of current year revenues of \$49,586.

## **NEW BUSINESS:**

### **e. Tax and Business Incentive Programs Application**

Mr. Willis noted that Mr. Simmons was present to discuss the application for the Tax and Business Incentive Program of applicant Dutch Lower Mill Properties, LLC. Mr. Dutch stated that he was recusing himself from all discussion and voting regarding this item. He did, however, remain in the room.

Dutch Lower Mill Properties acquired a parcel from the Brownell Company and will renovate the main building as warehouse and storage space, demolish the derelict buildings at the rear; and construct a new propane distribution facility that will consist of two 30,000 gallon propane tanks. The agreement will result in an eighty percent (80%) abatement for the grand list of October 1, 2016 and a seventy percent (70%) abatement for the grand list of October 1, 2017.

Mr. Willis inquired if the Board had any questions for Mr. Simmons. He noted that this is the third abatement that has been done in recent months and he added that they are all structured the same. There were no questions.

**Motion was made by Mr. Bennett to approve the tax abatement request of Dutch Lower Mill Properties and to request that the Board of Selectmen schedule a Town Meeting for approval. Mr. Lauria seconded the motion:**

**FAVOR: Bennett, DiCristofaro, Lauria, Thomas, Willis**

**OPPOSED: None**

**ABSTAINED: Dutch**

**MOTION CARRIED**

## **APPROVAL OF MINUTES**

Motion was made by Mr. Bennett to accept the minutes of the regular meeting of December 14, 2015. Mr. DiCristofaro seconded the motion.

Mr. Willis noted the need to correct a typo on page 2 under correspondence to read, "Mrs. Varricchio reported that the Connecticut Conference of Municipalities IS offering, rather than if offering"; Mr. DiCristofaro noted on page 5 of 5 an amendment was needed to reflect that Mr. Dutch abstained from the vote regarding the acceptance of a flagpole for Heritage Park from Dutch Oil Co., Inc.

Motion was made by Mr. Bennett to amend his motion to accept the regular meeting minutes of December 14, 2015 as amended. Mr. DiCristofaro amended his second and the motion was unanimously approved. Motion carried unanimously.

## **CHAIRMAN'S REPORT**

### **a. Tax Collector's November Report:**

Mrs. Varricchio reported that Mrs. Dill is doing very well collecting back taxes.

**b. 2016 Meeting Schedule—Revision:**

Mr. Willis noted that the meeting schedule adopted for 2016 contained a typographical error. He stated that the March meeting should be listed as March 14 and not March 7 as indicated.

**Motion was made by Mr. Bennett to approve the 2016 Meeting Schedule revising the March meeting date to March 14, 2016 (not March 7, 2016). (The full schedule is included below.) Mr. DiCristofaro seconded the motion and it was unanimously approved. Motion carried.**

**2016 MEETING SCHEDULE**

**Calendar Year January 1, 2016 through December 31, 2016**

Meetings are held the second Monday of each month unless otherwise noted.

DATE	LOCATION	TIME
January 11, 2016	Grange Hall	7:00 pm
February 8, 2016	Grange Hall	7:00 pm
March 14, 2016	Grange Hall	7:00 pm
April 11, 2016	Grange Hall	7:00 pm
May 9, 2016	Grange Hall	7:00 pm
June 13, 2016	Grange Hall	7:00 pm
July 11, 2016	Grange Hall	7:00 pm
August 8, 2016	Grange Hall	7:00 pm
September 12, 2016	Grange Hall	7:00 pm
October 17, 2016*	Grange Hall	7:00 pm
November 14, 2016	Grange Hall	7:00 pm
December 12, 2016	Grange Hall	7:00 pm
January 9, 2017	Grange Hall	7:00 pm

\*3<sup>rd</sup> Monday.

**c. 2016-2017 Budget Process:**

Mr. Willis noted that activity will intensify beginning in March. He stated that budget meetings will be special meetings. Mr. Willis stated that he felt the way the process has occurred in the past, a line by line review, has not been overly productive. He stated his belief that the Board of Finance should establish the budget amount it feels the Town will support and the programs to be added/deleted or impacted based on the dollars that can be supported would be up to the administration. He reiterated that the entire process needs to be simplified and streamlined to be more productive.

Mr. DiCristofaro stated that he concurred with the Chairman's statement, he questioned, however, how it would occur. Mr. Thomas advised that the State utilizes a formula approach. He added that the State's Department of Education enrollment projection figures document declining enrollment 3.6% in 2016 and another 2.4% in 2017; with those projections it would make sense to systematically begin preparing for that. Mr. Thomas suggested that the Board of Education be given a target number

reflecting a budget decrease of 1 to 1.5%. He added that the first rule of filling in a hole is to stop digging.

Mr. DiCristofaro stated that he believes that with the number of vacant houses in East Haddam such cuts may not be wise. Mr. DiCristofaro added that if the 100 to 150 vacant homes suddenly each housed two children it would have a detrimental impact on the school population. Mr. Willis stated that upward trends can always be addressed, but felt it irresponsible to leave funding in place based on what ifs. Mr. Willis stated to address a decline, the Town has to either cut costs or raise the price.

**d. Board of Finance Liaison Discussion:**

Mr. Willis stated that he met with Mrs. Varricchio and created a draft to categorize liaison reports. He reviewed the new assignments and the rationale for the choice. Mrs. Varricchio stated that she will email the liaison assignments to the Board members. Final review of the assignments will occur next month.

General Overview:

- Bob Bennett will be liaison for departments that involve Public Safety.
- Bruce Dutch will be liaison for departments involving Public Works.
- Harvey Thomas will be liaison for departments involving Land Use.
- Greg Lauria will be liaison for departments involving Health and Human Services and General Administration.
- Bill DiCristofaro and Ray Willis will be liaisons for Shared Services.
- Harvey Thomas and Ray Willis will be liaisons for the Municipal Office Building Committee.
- Bob Bennett will be liaison for the Radio Tower project.
- Bruce Dutch will be liaison for the Fire House Renovation project.
- Greg Lauria will be liaison for the Elementary School Renovation project.
- Bill DiCristofaro will be liaison for the Financial Needs Roundtable Committee.

Mr. Bennett advised Mr. Thomas that the liaison to the Open Space Committee is unique as it is a voting member.

Mr. Thomas believed he missed the liaison for the Board of Education. Mr. Willis clarified that the Board of Education would be assigned to the Shared Services liaisons, which will be Mr. DiCristofaro and Mr. Willis.

**e. Financial Policies Update:**

As established at the January meeting Mr. Thomas and Mr. DiCristofaro represent a subcommittee of the Board to review the financial policies with Mrs. Varricchio. A meeting schedule of the Friday following the regular Board of Finance meeting at 8:30 am each month was established, however, the next meeting will be on January 22<sup>nd</sup> at 2:00 pm in Mrs. Varricchio's office at the Board of Education. Mrs. Denette was advised that she was not needed to take minutes.

**FIRST SELECTMAN'S REPORT**

**a. Shared Services Report:**

Mr. Walter highlighted excerpts from the Shared Services report.

- Many RFP's have been issued for the projects that are moving forward.
- The libraries will be closed on alternating weeks for the installation of carpeting.
- Roof replacement is scheduled for the River House.
- The historic three-hole outhouse at Millington Green is being refurbished.
- The town beach parking area has been spruced up.
- The town dock was completed

Mr. Willis inquired about the involvement Mr. Walter had with the school items. Mr. Walter stated that he is not involved in the operation of the schools, he was relaying the information through the Shared Services report.

Mrs. Varricchio added that the technology staff members responded to 140 tech tickets and 131 of them have been closed. She added that the town computers are being moved to the school server. The benefit will be greater back up in the event of loss of power as the school server is on a generator. She also noted that the "Cadillac Tax" mandates relative to the Affordable Care Act have been pushed out to 2020.

**b. Recommended Budget Reductions—STEAP/CCA:**

Mr. Walter reiterated that with the revocation of the STEAP grant all expenditures to date do not have a funding source. He stated that \$62,132 was expended in connection with the project (which had all approvals in place at the time they were incurred). The following reductions were identified up in connection with the shortfall.

Agriculture Commission Well (capital) .....	\$11,000
Land Use (ZEO).....	\$2,000
Tax Collector .....	\$715
Old Middle School (maintenance).....	<u>\$3,000</u>
Total.....	<u>\$16,715</u>
leaving an additional required reduction of .....	\$45,417

Below is a list of the cuts by department taken to make up the additional \$45,417:

Assessor .....	\$1,064
Building Maintenance and Operations .....	\$189
Central Services.....	\$909
Elections/Registrars.....	\$442
Finance Office .....	\$540
Land Use Office .....	\$1,374
Old Middle School Operations.....	\$171
Selectmen .....	\$1,265
Tax Collector .....	\$744
Town Clerk.....	\$1,995
Legal.....	\$569
Agriculture Commission.....	\$10
Board of Assessment Appeals .....	\$24
Board of Finance .....	\$1,115
Conservation.....	\$127
Economic Development Commission.....	\$332
Historic District Commission.....	\$24
Open Space Committee .....	\$107
Zoning Board of Appeals .....	\$38

Building Department.....	\$959
Fire Department.....	\$2,095
Fire Marshal .....	\$277
General Highways.....	\$8,637
Snow Removal .....	\$2,148
Town Garage .....	\$512
Transfer Station.....	\$4,723
Cemeteries.....	\$86
Health Services .....	\$18
Senior Services .....	\$994
Lakes Association .....	\$161
Libraries .....	\$2,878
Recreation Commission.....	\$955
Town Greens .....	\$370
Transfer to Shared Services .....	\$9,565

**Motion was made by Mr. Bennett to accept the Board of Selectmen's budget reduction recommendations totaling \$62,132 in order to make up for the financial shortfall as a result of the rejection of the STEAP grant for the Center for Community Agriculture at referendum. Mr. DiCristofaro seconded the motion.**  
**FAVOR: Bennett, Dutch, DiCristofaro, Lauria, Willis**  
**OPPOSED: Thomas**  
**MOTION CARRIED**

## **FINANCE DIRECTOR'S REPORT**

### **a. November YTD Budget Report:**

Mrs. Varricchio highlighted the following:

- The amount budgeted for PILOT is \$34,187, (as discussed under communications) state cutting PILOT amount of \$33,383.
- The Tax Collector has collected an additional \$30,000 in penalties and interest.
- The legal expense line is below budget
- Interest income is slightly up, still minimal but nice to see it on the rise.
- Town Clerk's revenue lines were an issue with posting to the right lines, however, bottom line is correct.

### **b. Audit Fiscal Year Ended June 30, 2015:**

Mrs. Varricchio reported that it was good news. She stated that there is not a management letter noting that Blum Shapiro stated that "There was nothing that was material to note to the Board of Finance that was not already in the report." The Town was cited in the State and Federal Single Audits regarding two grants: 1) required quarterly reports to the State were not filed in connection with the security grant. She noted that the contracted instructions were never received. 2) the pass through Community Development Block Grant for Oak Grove senior housing was cited for failure pay vendors within the three days of receipt of the funds by the State. To avoid this issue in the future, payment will be processed prior to submitting to the State for payment.

Mrs. Varricchio reported that the overall fund balances and general fund balance for the fiscal year ended 2015 increased. She noted that there is a difference between the net assets from one year to the next because of restatements (GASB 67 and 68)

with regard to pension reporting. Mr. DiCristofaro suggested that the auditor prepare a letter to explain the reason that the figures were restated to avoid any confusion by the public. Mr. DiCristofaro added that there is a legitimate reason behind the discrepancy but stated that there should be a clear trail to document it. Mr. DiCristofaro also commended Mrs. Varricchio for her work.

c. **Audit RFP Update:**

Mrs. Varricchio stated that an RFP for an auditor was issued last Friday. She stated that it is for a three-year contract with a right to renew for two additional years. She stated that Blum Shapiro has been the auditor for the past several years, prior to that it was Scully & Wolf (who transitioned into Blum Shapiro). She concluded that responses are due February 1, 2016.

**LIAISON REPORTS**

Nothing noted.

**GUESTS AND AUDIENCE**

Nothing noted.

**OLD BUSINESS**

a. **FEMA Grant (2014):**

Mrs. Varricchio stated that in October of 2014 the Board of Finance approved a transfer of FEMA grant proceeds to the Capital Projects Fund. She stated that due to extenuating circumstances the appropriate follow through did not happen and the motion never made it to Town Meeting. She requested that the Board of Finance re-affirm the motion so that the process can move forward to document the appropriate paper trail.

**Motion made by Mr. Bennett to reaffirm the Board of Finance motion of October 20, 2014 to transfer FEMA grant proceeds in the amount of \$51,000 to the Capital Projects Fund and to request that the Board of Selectmen call a Town Meeting for approval. Mr. Thomas seconded the motion and it was unanimously approved. Motion carried.**

**NEW BUSINESS**

a. **Gift Acceptance—"Reflections" Painting:**

Artist Trenton F. Youngs has donated one of his paintings entitled "Reflections" an oil panel painting of Chapman Falls to the Town. The painting is presently hung in the Town Clerk's office. The Town Clerk will secure a placard upon acceptance of the painting denoting the gift.

Mr. DiCristofaro inquired about the maintenance, and insurance of works of art. Mr. Walter advised that the Town maintains a rider for such items on its insurance policy. Mrs. Denette advised that she has a funding source through the Historic Document Preservation fund that would be appropriate to utilize if needed.

**Motion made by Mr. Thomas to accept the gift of "Reflections" a 16" x 20" oil painting of Chapman Falls donated by Artist Trenton F. Youngs and to request that the Board of Selectmen schedule a Town Meeting for approval. Mr. Bennett seconded the motion and it was unanimously approved. Motion carried.**

**b. Gift Acceptance—Heritage Park Lighting Project:**

The town has received two donations for the Heritage Park Lighting Project totaling \$650. The lighting is to be solar and to be placed around the walking path. Mr. Walter stated that his campaign donated leftover funds and the Community Lions contributed the balance.

**Motion was made by Mr. DiCristofaro to accept the gift of \$350 from the East Haddam Community Lions Charitable Foundation, Inc. and \$300 from the Mark B. Walter Campaign Account/Re-Elect Walter-Link for the Heritage Park Lighting Project and to request that the Board of Selectmen schedule a Town Meeting for approval. Mr. Lauria seconded the motion and it was unanimously approved. Motion carried.**

**c. Bid Award—Gasoline:**

The Town has received a bid for regular unleaded gasoline from East River Energy in the amount of \$1.835 per gallon. The bid is for two years and requires a Town Meeting. It is estimated that approximately \$32,000 over the life of the contract will be saved. The current pricing is \$2.68 per gallon. Both the Town and Board of Education will utilize the contracted price.

**Motion was made by Mr. DiCristofaro to approve the two-year contract with East River Energy for Regular Unleaded Gasoline at \$1.8350 per gallon for a two-year contract period from January 1, 2016 to December 31, 2017 and to request that the Board of Selectmen schedule a Town Meeting for approval. Mr. Thomas seconded the motion and it was unanimously approved. Motion carried.**

**d. Bid Award—Electricity:**

The Town has received a bid for electricity supply from Constellation Energy in the amount of \$.0783 per KWH. The bid is for three years and requires a Town Meeting. It is estimated that we will save approximately \$180,000 over the life of the contract. Current pricing is \$.108 per KWH. Both the Town and the Board of Education will benefit from the new pricing.

**Motion was made by Mr. Lauria to approve the three-year contract with Constellation Energy for the calendar years 2016, 2017 and 2018 and to request that the Board of Selectmen schedule a Town Meeting for approval. Mr. Dutch seconded the motion and it was unanimously approved. Motion carried.**



Mr. Willis called for a motion to adjourn.

**Motion was made by Mr. Dutch at 8:12 pm to adjourn. Mr. Lauria seconded the motion and it was unanimously approved. Motion carried.**

Respectfully submitted,

Deb Denette  
Recording Secretary