

**TOWN OF EAST HADDAM**  
**Board of Finance**  
**Regular Meeting**  
June 13, 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 at the Grange Hall.

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  
Deb Denette, Town Clerk and Recording Secretary  
Ronald Turner, Director of Operations  
Cindy Varricchio, Finance Director  
Bob Casner  
Jay Moreau

**APPROVAL OF AGENDA**

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

**APPROVAL OF MINUTES**

Motion was made by Mr. Thomas to approve the minutes of the April 11, 2016 regular Meeting as presented. Mr. Lauria seconded the motion. The motion carried with Mr. DiCristofaro abstaining.

Motion was made by Mr. Dutch to approve the minutes of the minutes of the April 19, 2016 special meeting as presented. Mr. DiCristofaro seconded the motion and it was unanimously approved. Motion carried.

Motion was made by Mr. Bennett to approve the minutes of the special meeting of May 17, 2016 as presented. Mr. Thomas seconded the motion and it was unanimously approved. Motion carried.

## **CORRESPONDENCE**

- The Spring Final Report of the Board of Assessment Appeals was reviewed. Mr. Thomas noted that reductions totaled \$434,000 and he questioned the impact neighborhood quality had. He further noted that he just received the report and that the answers to his questions may be in the document himself. Mrs. Varricchio advised that she could ask the BAA to provide clarification.

Mr. Willis advised that the Board of Finance has been invited to attend a June 20<sup>th</sup> joint meeting with the Board of Education as it commences contract negotiations with the teachers union. Mr. Willis suggested that expectations should be conveyed to the Board of Education that with declining enrollment of approximately 300 students the Board anticipates a zero percent increase budget and that it should factor that in to its negotiations. He also questioned whether the Board wished to attend the 20<sup>th</sup> meeting or just convey its expectations. Mr. Thomas stated that he felt it important to accept the invitation. He further suggested that we ascertain the history of the past several contract negotiations. (what the student to teacher ratio was at that time). It was recognized that the meeting on the 20<sup>th</sup> would be in executive session.

## **CHAIRMAN'S REPORT**

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

No questions were raised.

### **b. Financial Policies Review and Approvals:**

A subcommittee consisting of Mr. DiCristofaro and Mr. Thomas have been meeting with Mrs. Varricchio to develop policies and document current practices. Mr. DiCristofaro noted that in terms of policies, the Town's funds are broken into the following seven categories.

- General
- Capital Reserves
- Capital Projects
- Special Revenue
- Permanent
- Fiduciary
- Proprietary

Each fund structure is defined further. The Committee is endeavoring to define a purpose, conditions and guidance for each structure. To date it has tackled the following fund structures:

- General
- Capital Reserves
- Special Revenue

Mr. DiCristofaro noted that of particular urgency was a Special Revenue Fund for the Board of Education. Tuition is received from other districts. He noted there should be methodology to apply the receipt of these funds, to offset the costs associated with the programs that tuition is received for. Mr. DiCristofaro continued that defining these policies should eliminate

the surprises and spikes in the costs when a student moves in district. He added that the big picture goal is to eliminate spikes.

Other discussion was held relative to the Board of Finance's Contingency Fund. It was noted to be a fine line between maintaining a reserve to handle surprises and to not be overtaxing the citizenry. He noted that when the policies are implemented, it will make budget preparation easier.

Mr. Walter arrived at this time.

It was noted that the Board of Finance would need to establish the Board of Education Special Revenue Fund prior to approving the policy.

**Motion was made by Mr. Thomas that the Board of Finance establish a Special Revenue Fund called Education Special Revenue Fund to deposit revenue received from other communities for education of their students who reside in East Haddam or revenues for educational services and/or programs offered in East Haddam that other communities chose to utilize as well as the expenses associated with providing the services and/or programs. Receipts shall be used to support the programs generating revenues. If the program needs have been met, excess funds may be used for other educational needs as determined by the Board of Education to include transfers to capital reserves for future and/or identified as capital needs or maintained against future contingencies. Mr. DiCristofaro seconded the motion and it was unanimously approved. Motion carried.**

**Motion was made by Mr. DiCristofaro to approve the Board of Finance General Fund, Capital Reserves and Education Special Revenue Fund policies. Mr. Lauria seconded the motion and it was unanimously approved. Motion carried.**

It was noted that the next meeting of the Subcommittee will be held on Friday at 9:00 am in the Finance Director's Office.

### **FIRST SELECTMAN'S REPORT**

#### **a. Shared Services Report:**

Mr. Walter introduced Ron Turner, the Town's new Director of Operations. He asked Mr. Turner to update the Board regarding the elementary school renovations. Mr. Turner noted that with school ending on Friday, the teachers are given until Tuesday to clear out their classrooms; the site will become a hard-hat site on Wednesday.

Mr. Walter reviewed the Shared Services Report. He noted that the Town held a health fair today for its employees.

#### **b. Middlesex Hospital Paramedic Agreement:**

Paramedic service is a regional service that Middlesex Hospital provides for 15 of the towns in our regional council of government (COG). Mr. Walter stated that the agreement has been reviewed by the Town of Westbrook's attorney and that through the COG the towns are looking to negotiate one contract rather than 15 separate contracts. Mr. Walter noted that this is an issue for Middlesex Hospital because the state has changed the funding to hospitals for this purpose. He stated that the current plan is for \$1.00 per resident fee for the first year, and that it will increase by \$1.00 per resident per town annually up to a maximum of \$5.00 per person. Mr. Walter stated

that the \$9,100 for the first year is not in the town's budget. Mr. Walter stated that if we don't pay this fee it will be passed along to our residents, especially those on Medicare. Mr. DiCristofaro inquired if the town would be better served to self-fund and set aside funds to help residents that do not have insurance coverage for such service. Mr. Walter did not feel that was necessary at this time.

## **FINANCE DIRECTORS REPORT**

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

Mrs. Varricchio stated that the end of the year numbers are tracking well. She stated that we are at 85% of budget. She noted that the snow removal line was better than anticipated, however, the state trooper line was well over as a result of the changes made by the state after we passed our budget last year. She noted that the Tax Collector has collected \$231,000 more than budgeted due to tax sales

## **LIAISON REPORTS**

Nothing noted.

## **GUESTS AND AUDIENCE**

Robert Casner, Chairman of the Economic Development Commission stated that the Commission has been looking at the 7 Main Street property so that when the new municipal facility is completed the property can be put on the tax rolls quickly. He stated that part of that will include the demolition of the garage building, removal of the slab and remediation of what contamination exists. He stated that demolition costs are anticipated at \$350,000. He stated that the Board should have that expense on its radar.

Mr. Casner also noted that accessing the property and poor site lines has long been an issue. He encouraged the Board to set aside funds to acquire property to address site line issues. He also noted that the town is working in partnership with the Goodspeed Opera House to draw up a master plan of the area. He stated that an architect has been hired at the cost of \$60,000. He stated that the EDC will contribute \$30,000 (\$15,000 from the 2015-2016 budget and \$15,000 from the 2016-2017 budget) and the Opera House will fund the balance.

Mr. Willis questioned the timeline to develop the master plan. Mr. Casner suggested a four month time frame. Mr. DiCristofaro stated that he was grateful for the efforts to get ahead on the project.

Jay Moreau responded to the discussion regarding paramedic costs. He noted that a price cannot be put on a guaranteed response and added that the per resident cost assures a response. He also commented on the earlier discussion regarding the teacher's contract. He suggested it is the teacher's role to teach whatever students are in their classroom and that the place for bargaining regarding enrollments is with administrative personnel.

## **OLD BUSINESS**

None noted.

## **NEW BUSINESS**

### **a. Grant Acceptance—FY2015 Emergency Management Performance Grant:**

A request was made to move forward with this annual grant that is already included in the budget.

Motion was made by Mr. Bennett to accept a grant in the amount of \$4,573.50 (revenue account 10542-43000 and expense accounts 10541810-51510—\$4,000 and 105414810-51590—\$579 from the State of Connecticut, Department of Emergency Services and Public Protection, Division of Emergency Management and Homeland Security, entitled “FY 2015 Emergency Management Performance Grant” 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.

### **b. Grant Application Request—North American Wetlands Conservation Act Proposal Partner Contribution Statement:**

A request was received to apply for a grant in partnership with other communities for a Connecticut coastal initiative. East Haddam’s matching funds have already been met through prior open space acquisitions.

Motion was made by Mr. Thomas to authorize the First Selectman’s office to apply for the Connecticut Coastal Initiative II grant in partnership with other communities and land trusts acknowledging that the town had already met the required \$479,751 match through open space acquisitions. Mr. Dutch seconded the motion and it was unanimously approved. Motion carried.

### **c. Gift Acceptance—Robert Knakal for Heritage Park Lighting Project:**

Robert Knakal donated \$1,000 to further the Heritage Park Lighting Project.

Motion was made by Mr. Dutch to accept a gift in the amount of \$1,000 from Robert Knakal to further the Heritage Park Lighting Project and to request that the Board of Selectmen schedule a Town Meeting for approval. Mr. DiCristofaro seconded the motion and it was unanimously approved. Motion carried.

### **d. Budget Amendment:**

#### **i. Capital Elementary School Oil Tank Removal Project to Capital Elementary School Asbestos Project:**

Last summer funding was approved for an oil tank removal project and asbestos abatement project at the elementary school each at an anticipated total cost of \$150,000 and to the town approximately \$75,000 each. We have been able to reduce the scope of the oil tank removal project. The bids for the asbestos abatement came in above the originally anticipated budget amount. This request is to transfer funds from one project to another at no additional cost to the town.

Motion was made by Mr. DiCristofaro to amend the capital projects budget for the East Haddam Elementary School fuel oil tank replacement project (33250013-58926-C0081) from \$150,000 to \$48,012 (a decrease of \$101,988) and to amend the capital projects budget for the East Haddam Elementary School asbestos abatement project (33250013-58926-C0080) from \$150,000 to \$251,988 (an increase of \$101,988 representing no additional cost to the town 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.

e. **Budget Transfers:**

i. **Contingency Fund to Animal Control:**

Mrs. Varricchio reminded the Board that as discussed during budget season when putting the finishing touches on the 2015-2016 budget a transfer in the amount of \$12,500 to the Animal Control Special Revenue Fund was eliminated and needs to be restored to keep that fund whole. She noted that Town Meeting is not required because it is under the \$20,000 threshold. It is recommended that the funds come from the Board of Finance Contingency Fund, it was noted that \$90,000 was budgeted and nothing has been used to date.

Motion was made by Mr. Bennett to transfer \$12,500 from the Board of Finance Contingency Fund (10541020-58910) to the Animal Control Special Revenue Fund (29642-42000). Mr. DiCristofaro seconded the motion and it was unanimously approved. Motion carried.

ii. **Shared Services to Emergency Management:**

The Emergency Management Director's stipend was budgeted under Shared Services when Craig Mansfield held both positions. The funding for EMD should be transferred to the EMD budget. It was noted that Town Meeting is not required because it is under the \$20,000 threshold.

Motion was made by Mr. Bennett to transfer \$8,384.50 from Shared Service (26341990-51510) to Emergency Management/911 Service (10542070-51510). Mr. DiCristofaro seconded the motion and it was unanimously approved. Motion carried.

iii. **Debt Service to Reserve for Capital Projects Savings:**

As part of the Capital Projects Savings Plan, as debt is retired and debt service is decreased those funds are transferred to the Reserves for Capital Projects Savings. When the 2008 bonds were refinanced in November 2015 there was a net savings to the current fiscal year in the amount of \$48,826 which should be transferred into that reserve.

Motion made by Mr. DiCristofaro to transfer \$48,826 from Debt Service Interest Expense (10548990-58320) to Interfund Transfers Reserve for Future Capital Projects Savings (10549010-58010) 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.

iv. **Debt Service to Reserve for Capital Projects Savings:**

In closing out the Dolbia and Jones Hill Road bridges there was retainage payable that was not factored into the first calculation. It is recommended that Board of Finance Contingency Funds be used to clear each of these. It was noted that Town Meeting is not required as each transfer is under the \$20,000 threshold. It was also noted that we have been carrying these on our books for years as liabilities. Mr. Willis sought assurance that this was the end of the bridge project.

**Motion was made by Mr. Dutch to transfer \$18,085 from the Board of Finance Contingency Fund (105414020-58910) to the Dolbia Hill Bridge project fund retainage payable (315-20600). Mr. Bennett seconded the motion and it was unanimously approved. Motion carried.**

**Motion was made by Mr. Thomas to transfer \$15,545 from the Board of Finance Contingency Fund (10541020-58910) to the Jones Hill Bridge project fund retainage payable (316-20600). Mr. DiCristofaro seconded the motion and it was unanimously approved. Motion carried.**

Mr. Willis noted that this is the last meeting for Mr. Walter who will be departing to take a position in the Town of Columbia. Mr. Willis requested support to send a letter on the Board's behalf of gratitude to Mr. Walter for his years of service.

**Motion was made Mr. Thomas to authorize Mr. Willis to send a letter to Mr. Walter on behalf of the Board of Finance expressing the Board's gratitude for Mr. Walter's years of service. Mr. Dutch seconded the motion and it was unanimously approved. Motion carried.**

**Motion made by Mr. Dutch to adjourn at 8:20 pm. Mr. Bennett seconded the motion and it was unanimously approved. Motion carried.**

Respectfully submitted,

Deb Denette, Town Clerk