

TOWN OF EAST HADDAM
Board of Finance
Regular Meeting
January 9, 2017
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 in attendance:

Emmett Lyman, First Selectman
Debra Denette, Town Clerk and Recording Secretary
Denise Dill, Tax Collector
Ron Turner, Operations Director
Cindy Varricchio, Finance Director
Rob Smith, Chairman, Conservation Commission
Charlene Riling
Gerald Paradis, Partner, Blum Shapiro & Co. PC
Leslie Zoll, Director, Blum Shapiro & Co. PC

APPROVAL OF AGENDA

Mr. Willis added two items under Correspondence: Item a: Correspondence from First Selectman Emmett Lyman regarding budgets, Item b: Correspondence from the Board of Education Chairman regarding the Education Cost Sharing grant. Two items were added under New Business as well: Item b: Conservation Commission Grant Authorization Request and Item c: Board of Finance budget submission and narrative.

Motion was made by Mr. DiCristofaro to amend the agenda and accept it as amended. Mr. Thomas seconded the motion and it was unanimously approved. Motion carried.

APPROVAL OF MINUTES

Motion was made by Mr. Bennett to approve the minutes of the November 14, 2016 Regular Meeting as presented. Mr. Lauria seconded the motion and it was unanimously approved. Motion carried.

2015-2016 AUDITOR'S REVIEW

Leslie Zoll representing Blum Shapiro provided a very favorable summary of the town's audit. She reviewed directly from the audit report [that is on file in the Town Clerk's Office and will be permanently retained]. Overall there were no material weaknesses, findings, or footnotes of concern. She reviewed the financial strength of the Town and reported that it maintains a

healthy general fund balance of 13%. Mrs. Zoll reported that the town's collection rate is very strong. In summary she stated that Mrs. Varricchio is doing a great job.

Mr. Willis stated that he was very pleased with the town's report card.

CORRESPONDENCE

a. Correspondence First Selectman Emmett Lyman:

Mr. Lyman's memo to all departments, boards and commissions regarding budget submission was reviewed. Mr. Dicristofaro stated that he was pleased to see emphasis placed on the prior year's goals and objectives. Mr. Lauria noted that departments were challenged to remove or reduce items. He asked if any had met that challenge. It was noted that budgets were due today.

Mr. Lyman noted that it is looking to be a tough state year. Mr. Willis stated that he will challenge the budget to be no more than the rate of inflation, which is .3%. He noted that Mrs. Varricchio noted that the State cap is presently 2.5%, however, it is feasible that the cap could be overturned in the State legislature this year as it greatly hinders towns that may wish to take on new initiatives.

Mr. Thomas noted the requirement for non-profits and other entities that receive town funding to provide financial statements and investment policies. He requested that those items be summarized on a spreadsheet for ease of review when presented to the Board of Finance. Mrs. Varricchio stated that she would accommodate the request.

Mr. Lyman called attention to two important upcoming meetings, the first regarding the Foxtown Road bridge replacement project, and the second regarding the Municipal Office Building Committee.

b. Board of Education Chairman Bryan Perry:

Correspondence from Bryan Perry, Chairman of the Board of Education advised that East Haddam's cost sharing grant was decreased by \$55,469. The letter advised that the Board of Education would endeavor to not spend \$55,469 to maintain a balanced budget.

Mr. Willis noted that the Board of Education's efforts were admirable.

CHAIRMAN'S REPORT

a. Tax Collector's Report:

No questions were raised.

b. Financing of Capital Projects Update:

Mr. Lyman stated that the Municipal Office Building project is ready to move forward, however, USDA funding is holding up the project. It is hopeful that demolition will begin shortly. This prompted a discussion regarding whether the 3.625% interest rate lock was still in the town's best interest as the delays equate to cost overruns. Following discussion, it was determined that the town's financial analyst will be invited

to attend the Board of Finance meeting in February to discuss other financing mechanisms. Mrs. Varricchio assured the Board that it is being closely watched.

c. **State Funding Cuts:**

The \$55,469 reduction to the Board of Education regarding the Education Cost Sharing grant was again noted. Mrs. Varricchio reported that funding from the State is not determined until after the town has adopted its budget. She stated that accordingly the town does not rely on State funding for operating, but rather for capital where adjustments can be made if necessary. She reviewed several funding sources, such as LOCIP and MRSA and stated that it is likely that the town could have a \$200,000 shortfall due to less State reimbursement.

Mrs. Varricchio also noted that it is feasible that the town may receive additional funding reportable to the last fiscal year from an amendment to an ED001. Mr. Lyman stated that the town's expense will hold regarding the paramedic contract at \$9,100 for 2017-2018.

It was noted that \$159,898 has been encumbered on the Elementary School renovations project, but that \$252,368 remained, leaving approximately \$100,000 unspent. Such figures are prior to state audit and reimbursement impact.

Mr. Lyman advised that The Town Wide Radio project is moving forward. It was also noted that three towers in Haddam may come into play to serve the river valley as well.

The Firehouse Renovations Committee has selected Donovan as its contractor. The project is moving forward.

Mr. Willis noted concern with the number of parking spaces contained at the Municipal Office project. He stated that he believed 129 parking spaces was excessive. Mr. Lyman encouraged all to attend the Public Hearing on the project scheduled for Thursday night.

d. **Financial Policies Update:**

Mr. DiCristofaro reported that the Board packet included charts and policies for consideration. He noted that these policies will serve as a template for the remaining policies which are hoped to be presented in March for adoption in April. No questions were raised.

FIRST SELECTMAN'S REPORT

a. **Shared Services Report:**

Mr. Lyman highlighted from the report the temporary flooring utilized at the high school during voting, the underground oil tanks that passed mandatory inspection, new town welcome signs that have been replaced and were funded by Consumer's Union.

FINANCE DIRECTOR'S REPORT

Mrs. Varricchio reported that she and Mr. Lyman attended a workshop entitled 2017 Municipal budgets and Financial Literacy Overcoming the Challenges. She presented a copy of the PowerPoint presentation for the Board's review.

a. **Major Capital Projects Update:**

Covered under Chairman's Report.

b. **Second Quarter 2017 Budget Report:**

Mrs. Varricchio noted that six months into the fiscal year, 39% of the budget has been expended. She noted that several lines do not fund until fiscal year end such as the Resident State Trooper

Mrs. Varricchio advised that as always she will watch the snow budget closely. She stated that legal is tracking nicely. She reported that 57% of revenue has been collected to date. She reported that the first quarter interest is tracking better than last year.

Responsive to inquiry from Mr. Willis, Mrs. Varricchio advised that the fire department purchased two trucks for \$350,000 last fiscal year, which was a modification from what had been budgeted for the number of trucks but not the budgeted amount.

c. **2017-2018 Budget Calendar:**

Mrs. Varricchio noted that the calendar has been revised and was included within the board packet. Mr. Willis noted that the Board will begin its budget work on March 13th.

LIAISON REPORTS

Mr. DiCristofaro advised that a meeting is being put together with a financial advisor regarding the pension plan for the firefighters.

GUESTS AND AUDIENCE

Mrs. Dill noted that last month Mr. Willis made a comment about whether or not Mrs. Dill was required to be present at Board of Finance meetings. She responded that the Board of Finance has never requested attendance of her. She added that she chooses to attend to be informed and to be available to answer any questions that may arise.

Mr. Smith provided the dates and locations to the meetings Mr. Lyman spoke of earlier.

Charlene Riling encouraged the First Selectman not to "skinny down" information when he is presenting it. She also noted that she reviewed the minutes of prior building committee meetings and broke it down into a spreadsheet (she stated that she is a systems analyst). She raised concern that she could not find any information on operating costs for the new project as it moves forward. She suggested that perhaps it has been done but has been omitted from the minutes. She noted that since 2010 costs have risen and she stated that such figures would be important as the town moves forward.

Mrs. Varricchio reported that since 2010 the Ray Portion has been omitted and added that she and other staff are currently working on such budgeting.

Ms. Riling also raised concern with expenditures to date without a funding source in place and raised concern as to how such figures are being tracked and from where the funding source is. Ms. Riling stated that she is looking for deeper due diligence regarding the flow of money. She also commented on the earlier discussion regarding USDA financing or another source, she encouraged the Board to tell the public the truth and to be up front about snags. She rehashed concerns regarding the lack of operating cost analysis and financing alternatives by the Municipal Office Building Committee.

It was stated that the Municipal Office Building Committee is charged with renovating the building into municipal office space within an established budget. The Board of Finance is responsible for determining the funding source.

OLD BUSINESS

Nothing noted.

NEW BUSINESS

a. Transfer to Board of Education Capital Reserves:

The Board of Education had \$39,452.40 remaining from last fiscal year. In accordance with Board of Finance policy, those funds are to be transferred to the Education Capital Reserve Fund. Mr. Willis stated that this policy encourages frugality, rather than "use it or lose it".

Motion was made by Mr. Bennett to approve a transfer in the amount of \$39,452.40 from the General Fund (10549010-58928) to the Board of Education Capital Reserve Fund 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. Conservation Commission Grant Authorization Request:

The Conservation Commission has applied for a grant for the creation of a walkway meeting ADA standards from the Patrell Preserve parking lot to the Eightmile River. The grant request is for \$4,683 for materials. Volunteer and department of Public Works labor and equipment are anticipated.

It was noted that Mr. Smith was not aware of the Grant Authorization Request policy (which the Board approved in 2013). After brief discussion it was the consensus that correspondence would be issued by Mr. Willis to boards, commissions and departments reminding of the policy.

Mr. Smith advised that he would be happy to answer any questions. It was noted that the terrain in question is presently too steep and the grant will enable the grade to be lessened. Once completed, it will be a great asset to those with mobility impairments to be able to access the waterway for fishing.

Motion was made by Mr. Thomas to approve a grant submission to the Department of Energy and Environmental Protection by the Conservation Commission for the purpose of creating a walkway meeting ADA standards from the Patrell Preserve parking lot to the Eightmile River. Mr. Dutch seconded the motion and it was unanimously approved. Motion carried.

C. Board of Finance Budget Submission and Narrative:

Mrs. Varricchio provided a draft of the budget template for the Board of Finance. The items that fall under the Board of Finance include: Auditors, postage, advertising, printing and binding, supplies, bond disclosure and the contingency fund. She stated that last year the Board determined its contingency fund to be \$90,000. She stated that she did not incorporate any changes into the draft.

Mr. Lauria suggested the word products be replaced with projects in the narrative. There were no other changes or comments offered on the draft presented.

Motion was made by Mr. DiCristofaro to approve the draft budget submission for the Board of Finance with expenditures totaling \$134,150. Mr. Bennett seconded the motion and it was unanimously approved. Motion carried.

OTHER

Mr. Dutch thanked Mrs. Varricchio for her efforts.

Motion was made by Mr. Dutch to adjourn at 8:10 pm. Mr. DiCristofaro seconded the motion and it was unanimously approved. Motion carried.

Respectfully submitted,

Deb Denette, Town Clerk