

TOWN OF EAST HADDAM
Board of Finance
Special Meeting Minutes
January 8, 2018
Nathan Hale-Ray Middle School Cafeteria

In attendance:

Board of Finance Members:

William DiCristofaro, Chairman
Gregory Lauria, Secretary
Bruce Dutch
Todd Gelston
Tracey Gionta
Harvey Thomas

Board of Selectmen Members:

Emmett Lyman, First Selectman
Robert Smith

Board of Education Member:

Bryan Perry, Chairman
Marc Piscioti, Secretary
Erik Anderson
Karin Blaschik
Shawn Conroy
Tracy Delventhal
Nicole Hendry
Jill Kelly

Also seated at the table:

Brian Reas, Superintendent of Schools
Cindy Varricchio, Finance Director

Approximately 40 individuals in were in the audience.

Mr. DiCristofaro called the Board of Finance meeting to order at 7:09 pm.

Mr. Lyman called the Board of Selectmen meeting to order at 7:09 pm.

Mr. Perry called the Board of Education meeting to order at 7:09 pm.

The Pledge of Allegiance was recited.

TRI-BOARD MEETING, 2018-2019 PROPOSED BUDGET—BOARD OF FINANCE, EDUCATION AND SELECTMEN

Mr. DiCristofaro stated that the purpose of the meeting was to provide for public input into the budget process. He requested that citizens advise what is acceptable and not acceptable. He stated that the format of the meeting would be to receive questions and then post the questions and answers on the town's website so that everyone can see them. Mr. DiCristofaro noted that immediate answers to inquiries were not intended, but that we would endeavor to provide timely answers. Mr. DiCristofaro encouraged all to remain respectful and courteous.

Mr. DiCristofaro reviewed the following key points on behalf of the Board of Finance:

- Last year we encountered many challenges in developing East Haddam's current operating budget to include the State's fiscal mess and its impact on our community.
- We did not pass our first budget, and many citizens expressed frustration that their voices were not heard. We are listening and clearly understand this message.
- We have increased public input opportunities for this year's budget, including the *Citizens' Guide to the Budget*, sent to every household via *East Haddam News* this Tri-Board meeting and a Public Hearing prior to the board of finance budget review and deliberation.
- We have established three Board of Finance subcommittees, addressing key areas of concern and to better position us for the future. Communications, Revenue and Long-Range Planning and we plan to keep citizens informed on our progress.
- We encourage citizens to check the website for information as we move through the budget process.

Mr. Lyman reviewed the current state of affairs:

- Finished FY2017 with a \$37,671 general fund budget surplus
- AA+ Standard and Poor's bond rating (2nd highest credit rating)
- Municipal Office Complex, tracking on time and on budget
- Firehouse Renovations nearly completed and on target
- Ambulance Association provided \$40,000 to the Town toward a future ambulance in accordance with our agreement
- \$90,000 state shortfall projected this year, prudently planning for greater cuts, how will we adapt:
 - General spending freeze implemented
 - Benefit of last year's surplus funding from Ambulance Association
 - Monitoring expenditures and revenues closely
 - Sufficient fund balance to absorb (if necessary)

Mr. Lyman noted looking to that future that:

- The State was slated to contribute \$4,900,000 to East Haddam, anticipating cuts we budgeted for \$3,800,000 and we anticipate receipt of \$3,700,000.
- A Transfer Station Committee has been appointed. The Town needs to be "SMART" (Save Money And Recycle Trash). Looking at generating additional revenue from the Transfer Station.
- The town has been mandated to take over the Circuit Breaker Program at a cost of approximately \$70,000 annually. Mr. Lyman anticipated that the state will continue to burden municipalities more and more in this fashion.
- The Library System is being scrutinized.
- Moving to the Municipal Office Building Complex will create great opportunities for Moodus and to develop the East Haddam Village area.

Superintendent Brian Reas noted a focus on:

- Science, Technology, Engineering and Mathematics (STEM) as that is where future jobs are trending.
- K-12 World Language Program
- Dynamic Online Curriculum
- Supporting our students with special programs. He elaborated that by educating our special needs students in district we have saved approximately \$300,000.

Mr. Reas stated that enrollment has been on the decline for several years, he stated that it is starting to flatten out. While he acknowledged that there may still continue to be decreases, it appears to be more consistent. Mr. Reas reviewed enrollment trends from 2013-2014 through to 2018-2019.

Mr. Reas reviewed Longitudinal Budget comparisons from 2010 through 2018 Including budget increases, cost of living increases, contractual obligations, budget increase averages and cost of living averages.

Mr. Reas advised that:

- An Enrollment and Feasibility study will be completed shortly.
- Professional development will continue
- we are expanding students' opportunities to lead their own learning.

Mr. DiCristofaro opened the floor up for comments and questions. He reminded all to be respectful, keep comments and questions to no more than three minutes and to state name and address. He reiterated that questions and answers would be posted on the Town and Board of Education's websites.

Irene Morsch, 37 Landing Hill Road questioned why the increases in 2016 were so much higher than in other years, as depicted on the slides presented. Mr. Reas advised that 2016 followed a very low budget increase year, he stated that if 2015 and 2016 were factored together it represented a 1.75 increase.

Bob Morsch, 37 Landing Hill Road, stated that he left Long Island due to out of control taxes. He stated that it was refreshing to see a thoughtful approach. He stated that he appreciates a quantitative approach, he stated that he would like to see costs per students and how that compares in districts with similar demographics.

Michael Callahan, 21 Augusta Circle. Cautioned against relying on State funding as a source of income. He inquired about the Grand List.

Chris Read, Hemlock Valley Road Extension. Mr. Read asked how we are planning for reduced revenue from the state. He stated that he would like to see a five year tiered plan documenting what will be funded or not funded based on income received from the State.

Bill Cross, Alger Road

Mr. Cross noted that within budgets are salaries. He questioned if the value of each job was known and whether performance factored into raises or are they automatically given. He further inquired how salary decisions were made when not contractually obligated.

Dick Everett, Town Street

Mr. Everett relayed how discouraged he was with the State of our Nation, State and local government. He stated that he does not have to be highly educated to know that the future does not look bright. He noted that people with the means to leave in their retirement years are leaving and added that the people that are remaining require more services. Mr. Everett advised that he will remain because of an irreplaceable home that he loves. He also discussed water conditions and real estate on Martha's Vineyard. He departed thanking all for their service despite being doomed.

Motion was made by Mr. Lyman to adjourn the Board of Selectmen Meeting at 7:55 pm. Mr. Smith seconded the motion and it was unanimously approved. Motion carried.

Motion was made by Mr. Piscioti to adjourn the Board of Education Meeting at 7:55 pm. Mrs. Hendry seconded the motion and it was unanimously approved. Motion carried.

A brief recess was held.

Mr. DiCristofaro reconvened the Board of Finance meeting at 8:02 pm. Approximately 25 audience members remained.

APPROVAL OF MINUTES

Motion was made by Mr. Lauria to approve the minutes of the regular meeting of December 11, 2017 with the following amendments:

Page 2: Item a—Plan of Conservation and Development, first paragraph, last line, should read: “\$25,000 to \$50,000” rather than “\$50,000 to \$50,000”.

Page 4: fifth paragraph, third to last line, should read “listened to” rather than “listed to”.

Page 7: Finance Director’s Report, Item a, first line should read “that there” rather than “that here”.

Mr. Gelston requested the following amendment:

Page 3: Item e (i)—Communications, second bullet point, should read “Two public comment opportunities for the Board of Finance meeting Agenda were suggested...”

Mr. Gelston requested the Communications Subcommittee Meeting Minutes be added to the end of the December 11, 2017 minutes. He was advised that Subcommittee Minutes would be filed separately after adoption by the Subcommittee.

Mrs. Gionta seconded the motion and it was unanimously approved. Motion carried.

CORRESPONDENCE

Nothing noted.

CHAIRMAN’S REPORT

a. Board of Finance Rules:

Motion was made by Mrs. Gionta to amend the Board of Finance Rules to include under Section VII—Public Input, Item C: The Board of Finance will respond to questions received at a meeting at the next regularly scheduled meeting under the Chairman’s Report. The questions and answers will be published on the Board of Finance webpage so that all citizens will have access to the information. Mr. Thomas seconded the motion and it was unanimously approved. Motion carried.

b. USDA Financing:

Mr. DiCristofaro advised that the Town was pre-authorized for up to 40 years of financing at a fixed rate with USDA for the Municipal Office Complex. He noted that the intent was to finance for 20 years, however, extending the term would create options for the Town. He stated that there are no prepayment penalties, meaning the town could close on a 40-year loan and pay extra principal to complete the debt in 20 years. If state funding should continue to drop, less prepayment could occur, much to Mr. Read’s point of how less State funding could be addressed without impact the operating budget. Mrs. Varricchio

advised that the Treasurer and First Selectman have the responsibility of determining the financing, however the input of the Board of Finance is essential.

Mr. DiCristofaro asked each Board member to weigh in with their opinion.

- a. Mrs. Gionta encouraged financing for 40 years but paying pack in 20 years if feasible.
- b. Mr. Lauria favored 30 years which would have some flexibility.
- c. Mr. Dutch favored 40 years.
- d. Mr. Thomas stated that it was good to have the flexibility afforded with the options, but stated that he would want the goal to be payback within 20 to 25 years.
- e. Mr. Gelston would like to see a balance sheet with the pros and cons. He noted the need to shed debt as soon as possible and worried that the longer funding options could impact fiscal responsibility in the future.
- f. Mr. DiCristofaro reiterated that the longer term would reserve flexibility but that this and future Boards would need to be prudent to adhere to the tighter financing schedule.

c. Tax Collector's Report—December:

No report was available, however the Tax Collector was present and no comments or questions were raised.

d. Board Sub-Committee Reports:

- a. **Communications:** Mr. Gelston stated that a plan had been laid out. He stated that the next meeting has not been set. He noted that another article needs to be written for the East Haddam News, that would contain excerpts from the Board of Finance Handbook. He noted that Mr. Dutch is also on the Communications Sub-Committee.
- b. **Increasing Revenues:** Mr. Thomas advised that a meeting was held last Friday.
 - All fees that are collected by town boards, commissions and departments are being identified and reviewed.
 - Services that the town provides at no charge are being looked at. By way of examples he noted Fire Department visits for false alarms, he stated that many towns implement a policy that once the grace is exceeded; charges are implemented to the property owner.
 - PILOT agreements will be reviewed to determine if they should be renegotiated.
 - The Sub-Committee will also review grants to see if we are making the most of opportunities. Regionalization opportunities are being sought.
 - Quasi public agencies will have investment policies reviewed for sound practices.

- c. **Long-Range Planning:** Mr. Lauria reported that he and Mrs. Gionta met with the Economic Development Commission Chairman and he is looking to replace the position that was shared with Haddam to a grant writer to take advantage of Federal monies that may be available, specifically regarding the Village area.
- d. **Financial Policies:** Mr. DiCristofaro stated that this Sub-Committee is assessing all policies and looking for things it can improve.

Mr. DiCristofaro thanked all of the Board members for their efforts. He noted that a lot of work has been going on.

FIRST SELECTMAN'S REPORT

a. East Haddam Ambulance Association Update:

First Selectman Lyman reported that negotiations are about to commence with the East Haddam Ambulance Association. A copy of correspondence to the Association was provided to Board members.

b. East Haddam Free Public Library Update:

A meeting with the Reading Room Association was scheduled for last Thursday, however it was canceled due to the snow storm.

c. Shared Services Report:

First Selectman highlighted sections of the report to include:

- The elementary and middle school bleachers were inspected and tuned.
- The lighting is in for Heritage Park and will be installed as soon as weather permits.
- The Fire Rescue Boat replacement bid is in process.
- There could be up to a \$55,000 reimbursement from the State of Connecticut for the STEAP grant regarding the Agriculture Center. The paperwork is being processed.

Mr. DiCristofaro inquired about the likelihood of recapturing some of those funds. Mrs. Varricchio reported that the State has contacted us and that she is hopeful.

FINANCE DIRECTOR'S REPORT

a. Overview of State of Connecticut Budget/Municipal Aid:

Mrs. Varricchio reported that there have been no changes in the State Budget/Municipal Aid projections.

b. **December YTD Budget Report:**

The report had not been completed in time for the Board meeting. Will be provided to Board once it is.

LIAISON REPORTS

Mr. Gelston reported that he has sent emails to all of his contact and that he has scheduled meetings with two of them.

GUESTS AND AUDIENCE COMMENTS

Chris Read, Hemlock Valley Road Extension. Agreed with the longer financing term for the flexibility it affords and strongly urged the Board adopt triggers for what would have to happen in order to veer from the 20-year plan. He raised concern that failure to do so would be an easy way for future boards to balance a budget.

Mr. Read further commended the Board for the *Citizens' Guide to the Budget* distributed through the *East Haddam News*. He encouraged more information to be shared through that medium.

Mr. Read questioned if once the East Haddam Free Public Library is transferred to the town will the town need to make it handicapped accessible. He then inquired if there were firm numbers. Mr. Lyman responded that he did not have firm numbers. Mr. Read inquired if there would be firm numbers prior to accepting the building. Mr. Read also expressed much concern in planning on grants as part of long term planning. He noted that the federal government is trillions of dollars in debt.

Irene Haines of Shanaghan Road urged the rental of town owned properties for a revenue stream. She opined that the testing of the soil under the garage should have long been done by now. She encouraged a more pro-active stance to recruit businesses. She also discouraged the acquisition of another building (library). Mrs. Varricchio advised that the Town does not own the present home of the Board of Education, the property is leased from Ron Bernstein.

Mr. Thomas noted that last year's budget deferred capital projects he inquired what impact there would be this year because of it? Mr. Lyman responded that the four major projects are in good shape. Mr. Thomas continued that we cannot kick the can down the road any farther.

Mr. Thomas questioned if it was the towns intent to continue the Circuit Breaker Program beyond the current year now that the burden has shifted to the town. Mr. Lyman responded

that it is a tough question. Mrs. Varricchio responded that State Statute dictates that we have to.

Responsive to inquiry from Mr. Thomas, Mr. Lyman advised that accepting the Moodus Library would require a town vote.

Mr. Thomas advised that changes in Board of Education budgeting last year provided excess capacity in special programming and the thought was to sell that excess space. He stated that he would like to know what the result of that was.

Mr. Gelston stated that he is very supportive of a town library. He stated, however, that he would like to know statistics such as population served, number of visitors what percentage of the community utilizes it, etc.

Mr. DiCristofaro stated that Mr. Lyman will have an evaluation conducted just like with the Transfer Station. Mr. Lyman stated that he would like to have the transfer station committee up and running and then he would move on to forming a committee for library study. Mr. DiCristofaro stated that it is an easy make a decision on libraries from a financial view, but there is so much more to consider.

NEW BUSINESS:

In response to an inquiry from Mr. Gelston, Mrs. Varricchio confirmed that the auditors are scheduled to attend the February meeting. Mrs. Varricchio requested that questions from Board members be provided in advance so that the auditors can be prepared.

a. **Board of Finance Budget Request:**

Mrs. Varricchio noted that the Board needed to provide guidance on its budget. She stated that the auditor fees, postage are rather constant items, however, the amount to be budgeted for contingency should have some dialog. It was also noted that meeting location on the budget document needs to be amended to the MOBC. Mr. DiCristofaro requested each subcommittee to provide a narrative and goals and objectives to include with the budget narrative.

b. **Gift Acceptance—Municipal Office Complex (Furniture, File Cabinets, Artwork Display):**

The Town has received three donations for the new municipal office complex. The first donation was given anonymously. Town Counsel has opined that the town is legally within its rights to accept an anonymous donation. It was also noted that since the furniture was slightly used, it was depreciated 10 cents on the dollar. It

was estimated that new the furniture would have cost \$150,000 to \$200,000 to purchase and an additional \$150,000 to \$200,000 to install.

Motion was made by Mrs. Gionta to accept a gift of various items of furniture to include cubes/workstations with chairs, demountable walls, file cabinets, conference room tables and chairs, chairs for main meeting room, several small round tables for offices, removable tables for park and recreation and miscellaneous electronic equipment for the Municipal Office Complex valued at approximately \$46,000 after depreciation and to recommend that the Board of Selectmen schedule a Town Meeting for approval. Mr. Lauria seconded the motion and it was unanimously approved. Motion carried.

The Town also received a gift of 14 five-drawer lateral filing cabinets from CitiFinancial.

Motion was made by Mr. Lauria to accept a gift of 14 five-drawer lateral filing cabinets for the Municipal Office Complex valued at \$2,100 from CitiFinancial and to recommend that the Board of Selectmen schedule a Town Meeting for approval. Mr. Dutch seconded the motion and it was unanimously approved. Motion carried.

Motion made by Mr. Gelston to accept a gift from the East Haddam Art League in the amount of \$400 for an art display system for the Municipal Office Complex (revenue account 33401-43000 and expense account 34050040-54500) and to recommend that the Board of Selectmen schedule a Town Meeting for approval. Mrs. Gionta seconded the motion and it was unanimously approved. Motion carried.

c. **Grant Acceptance for Rathbun Free Public Library—National Endowment for Humanities:**

It was noted that the Board authorized the grant application in April 2017 for appropriate shelving for the Rathbun historical room.

Motion was made by Mrs. Gionta to accept a grant for the purpose of storage shelving for the Rathbun Historical Room for archival volumes associated with the Town of East Haddam in the amount of \$4,710 (revenue account 33050-43000 G1801 and expense account 33055011-48820G1801 and to recommend that the Board of Selectmen schedule a Town Meeting for approval. Mr. Lauria seconded the motion and it was unanimously approved. Motion carried.

Mrs. Denette requested favor to comment as during the comment period she was busy writing. She suggested that the Library Trustees be charged with presenting options for

financial efficiencies regarding the libraries rather than appointing another committee. Mr. Lyman replied that he is considering that among other options.

Motion was made by Mr. Dutch to adjourn at 8:53 pm. Mr. Thomas seconded the motion and it was unanimously approved. Motion carried.

Respectfully submitted,
Debra Denette
Town Clerk and Recording Secretary