

**TOWN OF EAST HADDAM**

**Board of Finance**

Regular Meeting Minutes

February 12, 2018

Grange Hall

The regular meeting of the East Haddam Board of Finance was called to order by Chairman William DiCristofaro at 7:09 pm at the Grange Hall. The Pledge of Allegiance was recited.

In attendance:

Board of Finance Members

William DiCristofaro, Chairman

Gregory Lauria, Secretary

Bruce Dutch

Todd Gelston

Tracey Gionta

Others

Emmett Lyman, First Selectman

Deb Denette, Town Clerk and Recording Secretary

Denise Dill, Tax Collector

Ron Turner, Director of Operations

Cindy Varricchio, Finance Director

Leslie Zoll, Principal, Blum Shapiro

Approximately 15 citizens were in the audience.

**APPROVAL OF AGENDA**

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

**APPROVAL OF MINUTES**

**Motion was made by Mr. Gelston to approve the special meeting minutes of January 8, 2018 as presented. Mr. Dutch seconded the motion and it was unanimously approved. Motion carried.**

**GUESTS AND AUDIENCE COMMENTS**

a. **Follow-Up to Citizens Questions from January 8, 2018 Meeting:**

Mr. DiCristofaro reviewed questions from the January 8, 2018 meeting and provided responses. It was noted that the questions and their responses will be posted on the website with the Agenda and Minutes for the corresponding meeting.

b. **Guests and Audience Comments:**

Terry Dickinson, Daniel Peck Road, stated that she had attended the Saturday Board of Selectmen budget workshop. She noted that the electric costs for the new building were estimated at \$60,000 for the year. She further noted that it was stated that the first electric bill for the building came in at \$4,000 and she felt the figure should be adjusted to \$48,000.

Mrs. Dickinson also questioned the status of state monies regarding the Harris property grant that was returned noting that the townspeople did not accept the grant.

Mrs. Dickinson also inquired with regard to "sweep" accounts that had been discussed at the August Board of Finance meeting asking if we were still using them.

Chris Read, Hemlock Valley Extension thanked the Board for adding the question and answer portion. He requested that the answers be posted on the website to allow timely review prior to the meeting. Mrs. Varricchio advised that she wanted the Board members to see them first. Mr. DiCristofaro advised that questions and answers will be added to the agenda's and minutes section of the website.

Terry Dickinson also inquired about the future of the circuit breaker program in East Haddam as State contributions to the program have been cut. She suggested that abatements to our disabled and senior population were more important than abatements to our businesses.

Mike Callahan, Augusta Circle, appreciated the answer provided on the grand list question as the asker of it, however, he stated that he would like to understand the dynamics of what makes up the 1.8% increase. He stated that he is looking for more substance.

**AUDIT FISCAL YEAR ENDED JUNE 30, 2017—BLUM SHAPIRO & CO. PC:**

Leslie Zoll from Blum Shapiro presented a comprehensive review of the Financial Statements, Federal and State Single Audits and management letter provided to the Town in connection with its audit of July 1, 2016 to June 30, 2017. She noted that the audit did not include a CAFR (Comprehensive Annual Financial Report) and such a report is an option. She further noted that there is a fee associated in preparing a CAFR (to submit to the Government Financial Officers Association—GFOA).

Additional discussion was held relative to whether the Town should do a CAFR. It was noted that smaller towns generally do not do them. Mr. Gelston inquired what the additional cost is to conduct this additional level of audit. He was advised that there is a fee to apply as well the time required for Town staff members to prepare.

Mr. Gelston pointed out a typographical error on page 7 under Public Safety. He noted his support for the higher level audit.

Mr. Gelston inquired if the same auditors stay involved year after year. Ms. Zoll responded that they strive for continuity, noting that there has been different senior auditors on the account as well as in partners overseeing the audit.

The Board thanked Ms. Zoll for her participation.

## **CORRESPONDENCE**

Nothing noted.

## **CHAIRMAN'S REPORT**

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

Mr. DiCristofaro stated that collections continue to look good. Mrs. Dill had no issues to report.

### b. **Board Subcommittee Reports:**

It was noted that the minutes of the Subcommittees will be posted on the website under the Board of Finance.

#### i. **Communications—Bruce Dutch/Todd Gelston:**

Mr. Gelston reviewed feedback from the Tri-Board Meeting. He stated that people would prefer quicker responses to questions. Mrs. Gionta inquired where the information was obtained from. Mr. Gelston responded from talking with people. Mr. Gelston continued and suggested that the Board should develop a budget goal and communicate that goal to the Boards, Committees and Departments. Mr. Gelston opined that the Board of Finance should take more of a leadership role. Mr. Gelston suggested better utilization of the East Haddam News, including publications of the questions and answers, the budget calendar and articles focused on educating the citizens regarding the budget process.

Mr. Gelston noted that CERC provides a wealth of information. He noted several examples. Mr. DiCristofaro thanked Mr. Gelston for his time and his energy, he noted that the newspaper has been very generous, he cautioned that there would be limits to what could or should be published.

Mrs. Gionta stated that information is available, and the citizens have a responsibility to look for it; she stated that she did not feel that cherry picking the data was the responsibility of the Board. Mr. Lauria stated that he is a fan of the information CERC collects, however, he cautioned against reporting it as small shots are misleading. Mr. DiCristofaro suggested the Communications Subcommittee target its top three items, he believed they have identified too much to tackle at one time.

Mrs. Gionta suggested that the Board formalize the direction it would like the Communications Subcommittee to go. Mr. DiCristofaro suggested that a schedule and plan be brought to the next meeting. Mr. Gelston noted that March 12, 2018 will be pretty late to be effective for this budget cycle. Mr. DiCristofaro suggested that in the interim letters could be written and sent to him for approval. Mrs. Varricchio requested courtesy copies.

**Motion was made by Mrs. Gionta that the Board of Finance direct the Communications Subcommittee to define vocabulary terms in an education type article for publication in the East Haddam News. Mr. Gelston seconded the motion.**

Discussion: Responsive to an inquiry from the Board, Mrs. Varricchio concurred that the article should come from the elected officials, but stated that she would be happy to help.

**The motion was unanimously approved. Motion carried.**

Regarding the use of CERC data, Mrs. Gionta felt strongly that release of another entity's data was not our role.

**ii. Increasing Revenues—William DiCristofaro/Harvey Thomas:**

Mr. DiCristofaro stated that a focus has been on reviewing all income sources. He stated that a survey went to departments, boards and commissions regarding the fees that they collect, the frequency of those collections, how fees are assessed and solicitation of ideas for additional opportunity. He noted that compilation of the data is in process.

Mr. DiCristofaro stated that PILOT programs are being reviewed as well, although it may be difficult to achieve results in that area.

**iii. Long Range Planning:**

Mr. Lauria advised that there are four studies in process at the Board of Education regarding the elementary school. Mrs. Gionta stated that the Town needs to take another look at what is next, she suggested that another process like the financial needs roundtable should occur.

**iv. Financial Policies:**

Mr. DiCristofaro stated that policies regarding Funds have been developed and are in the packet for review with anticipation of discussion and perhaps adoption next month.

Mr. Gelston questioned Banner Village Fiduciary funds. Mr. DiCristofaro walked Mr. Gelston through each fund through its process.

**FIRST SELECTMAN'S REPORT:**

**a. Shared Services Report:**

Mr. Lyman advised that the Town will be moving at the end of this week and that move will occur over the weekend. Phones and copiers will move Sunday/Monday. It is anticipated that they will be operational on Tuesday. If they are not, the Senior Center will act as a call center and direct messages where appropriate. On Monday, February 26, 2018 we should be open and back in business.

Mr. Lyman advised that the Rathbun Library has a flooring issue downstairs that is being evaluated. It also had problems with its elevator, which is now working again.

## **FINANCE DIRECTOR'S REPORT:**

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

The December YTD budgets were presented. Discussion centered around the Governor's proposed budget for 2019-2020 and the impact to East Haddam.

Mrs. Varricchio stated the snow budget has been manageable. She noted that interest income has been good this year, however, it was noted that is because of having the project funds in the account. Those have mostly been expended. She stated that dates for bonding are being reviewed.

Mrs. Varricchio noted that a capital projects summary was included in the Board's packet.

Mrs. Gionta questioned the elementary school reimbursement bot how much and when it might be received. Mrs. Varricchio advised that the reimbursement rate is 47.12% and she added that not all items are reimbursable.

Mrs. Varricchio also advised that she believes some level of reimbursement will be received for the STEAP grant related to the Harris property even though the grant was returned. It was noted that the State approached the Town with the reimbursement opportunity.

Brief review of legal fees occurred. Mr. Gelston was advised that the Town receives the municipal rate. He was surprised to learn that \$36,500 was expended for labor counsel last year. He was advised that labor contracts are negotiated every three years at an average cost of \$10,000 to \$50,000. Mrs. Varricchio added that we have five labor contracts.

Mrs. Varricchio noted that changes were made to the Board of Finance calendar to properly identify the new meeting room. The conference room for future Board of Finance meetings will be conference room 1 and 2; not A and B.

## **LIAISON REPORTS**

Mr. Gelston reported on the following:

- Building Department is proposing no increase for FY 2018-2019. In FY 2016-2017 922 permits were issued.
- Police are not requesting additional items. There is an increase in state fees for the Resident State Trooper. Burglaries were reported to be down.
- Animal Control went on 400 calls in FY 2016-2017. Implementation of fines would generate additional fund for the Town. This would not be additional taxation, but fines for repeat offenders.
- Emergency Management, the biggest part of their budget is Valley Shore Communications. No budget increases are proposed.

Mr. Gelston stated that he still needs to meet with the Fire Department, Firefighter Pension and Ambulance.

Mrs. Gionta stated that she has attended several Board of Education meetings. She anticipates that the Board of Education will bring forward a budget with a 2.25% increase. The Board of Education meets tomorrow.

### **OLD BUSINESS**

a. **Plan of Conservation and Development:**

The deadline for completion was extended until late summer. The Board decided to not take an action at this time.

b. **Revised Board of Finance Meeting Calendar (changing the location to the new Municipal Office Complex):**

As noted earlier new action is required to change the meeting venue.

**Motion was made by Mrs. Gionta to adopt the 2018 revised calendar with a change in location to the Municipal Office Complex conference rooms 1 and 2. Mr. Lauria seconded the motion and it was unanimously approved. Motion carried.**

### **NEW BUSINESS:**

a. **Board of Education Capital Reserve Requests:**

Mrs. Varricchio stated that with the audit complete, the Board of Education can transfer their remaining funds to the Education Reserves. It was noted that in fiscal year 2016-2017 the State cut Education Cost Sharing to the Town by \$55,000 and that the Board of Education did not expend those funds to make up the loss to the town.

- **Transfer of remaining 2017 Funds to Reserves**

**Motion was made by Mr. Lauria to approve a transfer in the amount of \$4,409.68 from the General Fund (10549010-58928) to the Board of Education Capital Reserve Fund (3320-10506-25790) and to request that the Board of Selectmen schedule a Town Meeting for approval. Mrs. Gionta seconded the motion and it was unanimously approved. Motion carried.**

- **Transfer for removal of underground fuel oil tank from Reserves**

The capital plan has been projecting removal of an underground fuel oil tank at the Elementary School for fiscal year 2018-2019, however in order for the tank to be removed prior to March 2019, it will need to be done this summer. As a result the Board of Education is requesting to use \$200,000 from their Reserves to accomplish and to be DEEP compliant.

**Motion was made by Mr. Gelston to transfer an amount not to exceed \$200,000 from the Education Reserve Fund (3320-10506-25790) to the Capital Project Fund for the purpose of removing an underground fuel oil tank at the East Haddam Elementary School (33250013-58926-C0147) 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.**

## **GUESTS AND AUDIENCE COMMENTS**

Mrs. Dickinson inquired what type of increase we could expect to see with this budget. Mr. DiCristofaro stated that both the Board of Education and Selectmen are developing the budget at this time. Mrs. Dickinson asked if there is a budget number that the Board of Finance would support? Mr. DiCristofaro reminded that answers will occur in writing after a thoughtful process has occurred.

Mrs. Dickinson requested a breakdown of where each dollars is expended. She requested a breakdown for both the Town and Board of Education.

Chris Read stated that he read in the paper that the Board of Education was asking for a 2.00% increase and the Board of Finance asked them to raise it to 2.25%. He was advised that the East Haddam News confused the Business and Planning Subcommittee (a Board of Education subcommittee) with the Board of Finance. He was also advised that the Board of Education uses a zero-based budget.

## **OTHER**

Mr. Gelston noted that he attended a January 20th class offered by the Connecticut Conference of Municipalities. He noted that it was very beneficial. He summarized what he took away from the class, including that a CFAR should be undertaken every five to seven years.

**Motion was made by Mr. Dutch to adjourn at 9:04 pm. Mr. Gelston seconded the motion and it was unanimously approved. Motion carried.**

Respectfully submitted,

Deb Denette