

TOWN OF EAST HADDAM

Board of Finance

Regular Meeting Minutes

March 11, 2019

Municipal Office Complex

Meeting Rooms 1 and 2

Mr. DiCristofaro called the regular Board of Finance meeting to order at 7:02 pm. The Pledge of Allegiance was recited and recording devices started.

In attendance:

Board of Finance Members

William DiCristofaro, Chairman

Gregory Lauria, Secretary

Bruce Dutch

Todd Gelston

Tracey Gionta

Harvey Thomas

Others

Emmett J. Lyman, First Selectmen

Deb Denette, Town Clerk

Cindy Varricchio, Finance Director

Jay Moreau

Karin Blaschik

APPROVAL OF AGENDA

Mr. Dutch motioned to approve the agenda with the amendment to correct the date of the minutes to be approved. Mr. Gelston seconded the motion and it was unanimously approved. Motion carried.

GUESTS AND AUDIENCE COMMENTS

Mr. DiCristofaro, in response to questions raised by Bob Morsch at the February 11, 2019 meeting, with regard to the authority granted to the Board of Finance especially as it related to the Transfer Station, provided the following information:

Powers and Duties of Boards of Finance: The Board of Finance's function is to consider the town government's finances from an overall viewpoint. The general statutes give the board specific responsibility for:

- 1) Preparing the town budget
- 2) Setting the property tax rate
- 3) Approving deficiency and special appropriations and transfers between appropriations.
- 4) Determining how the town's financial records are to be kept.
- 5) Arranging for an annual audit of town accounts.
- 6) Publishing the annual town report.

With regard the Transfer Station, the Board of Finance can certainly have a conversation with the Selectmen and work to review the concerns. The Chairman of the Board of Finance has begun the process of working to analyze the concerns expressed by Mr. Morsch and will update once that analysis is complete.

Mr. DiCristofaro offered opportunity for comments or inquiries; none were raised at this time.

LEGISLATIVE UPDATE

It was noted State Senator Norman Needleman and State Representative Irene Haines were invited to the meeting to provide an update of the State budget to the Board. They are not able to attend. They will be invited to a future Board meeting.

APPROVAL OF MINUTES

Motion was made by Mr. Gelston to approve the minutes of the February 11, 2019 regular meeting as presented. Mr. Dutch seconded the motion and it was unanimously approved. Motion carried.

CORRESPONDENCE

Nothing noted.

CHAIRMAN'S REPORT

a. **Tax Collector's Report—February:**

Mr. DiCristofaro stated that collections continue to look good.

b. **Board Subcommittee Reports:**

- i. **Communications:** Mr. Gelston reported a delay in the submission to the newspaper as the Committee was confirming figures regarding the Ray Board. He anticipated that it will be finalized shortly. Mr. DiCristofaro commented that the Town was fortunate to have a local newspaper with town wide coverage.
- ii. **Financial Needs Roundtable:** Mrs. Gionta advised that the committee has not met.
- iii. **Financial Policies: Debt Management and Investment Policies**

It was noted that both the Debt Management and Investment policies have been completed by the subcommittee. Both polices received a favorable response from the Municipal Advisor, however, Bond Counsel has not completed its final review of the Debt Management policy.

The investment policy has received all of its reviews and has been accepted by the Town Treasurer. Mr. DiCristofaro stated that he would like the Board of Finance to take

action on that policy this evening. He also noted that the policy will require an annual review, he noted the adopted, effective and revised lines at the end of the document.

Mrs. Gionta noted that the Board of Education's policies refer back to statutory authority, she inquired why these did not. Mr. DiCristofaro referenced the Conditions statement, "the investment of Town funds shall conform with federal, state and other legal requirements". He stated that it was determined to take a broader approach so that changes in said documentation did not make the document out of date.

Responsive to inquiry from Mr. Gelston regarding that the Treasurer "on an annual basis, shall prepare a report of previous and current positions, investment activity and rationale for changes of the Town's investment funds, Mr. DiCristofaro advised that this will be a new report that has not been required previously. It was also noted that the Treasurer does not report to the Board of Finance, however, the current Treasurer has agreed to the submission of this report on an annual basis. Mr. DiCristofaro added that he appreciated the cooperation of the Treasurer.

Mr. Lauria suggested the word "adequate" be replaced with "appropriate" under internal controls.

Motion was made by Mr. Gelston to adopt the Town of East Haddam Investment Policy as amended by Mr. Lauria. Mr. Lauria seconded the motion and it was unanimously approved. Motion carried.

Mr. Gelston commended Mr. Thomas and Chairman DiCristofaro for their efforts.

FIRST SELECTMAN'S REPORT

Mr. Lyman advised that Building Official interviews were completed this week and an offer was made and accepted. William Thody will begin employment with the Town of East Haddam on April 8, 2019. Mr. Lyman briefly reviewed his impressive qualifications.

Mr. Lyman also noted that interviews for the Chatham Health Director will be held at our facility tomorrow morning. He noted that the current Director, Don Mitchell is staying on, however, in a different role.

Mr. Lyman noted that a request has been received for farm tax abatement. He noted that municipalities have the authority to offer such abatements for dairy, fruit or vegetable farms. Said tax abatement has the potential to offer up to \$300,000 in exemptions, and would include farm machinery and buildings, not just farm land. Mr. Lyman noted we will begin investigating this abatement.

Mr. Lyman stated that the Town is working with Kristin Brown from DEEP to implement the pay as you throw program. He noted that that the charging of fees for bags pursuant to the program is allowable under our ordinance. Mr. Lyman stated that he anticipated three different size bags, at a cost of \$1, \$2, or \$3 each depending upon bag size. He also noted that under our ordinance, the haulers are

allowed to use the Transfer Station, and a change of that will be required in order to implement this change.

Mr. Thomas suggested that based on correspondence received by clients from one of the haulers, the haulers may not be as "on board" with the proposed changes as he believed. Mr. Thomas encouraged conversation.

Responsive to inquiry from Mr. Gelston, Mr. Lyman advised that the fee is to force people to recycle more, he also noted that it will generate fees. The cost to remove household waste versus the cost to remove recyclables was noted. If the town recycled 50% of its household trash, the town would save \$75,000 annually. Mr. Lyman also noted the benefits to composting.

Mr. Gelston noted concerns with recycling on a worldwide level and added that we may not have a market for our recycled waste. He also noted that the change proposed will require education, he inquired what the plan was for that education. Mr. Lyman stated that the Town will work with small groups and forums. He added that ultimately it will be the Town's decision.

Mr. Thomas suggested that a write up of all of the alternatives, as well as the cost of status quo would be meritorious. Mr. Lyman thanked him for the advice.

FINANCE DIRECTOR'S REPORT

a. February 2019 YTD Budget Report:

Mrs. Varricchio stated that there is nothing of great concern at this time and overall we are tracking well. She stated that she will begin year end forecasting shortly.

Mr. Gelston inquired about areas of the budget that were over budget. It was noted that the electricity costs of the Municipal Office Complex are anticipated to be greater than budgeted by approximately \$30,000. It was also noted that cleaning supplies have been removed from the Town Garage budget to the Municipal Office Complex/Central Services budget. It was noted that the Transfer Station will be over budget as anticipated savings did not come to fruition.

Discussion was also held regarding capital expenditures for the ambulance. It was noted that the process for acquiring an ambulance was slow and cumbersome. The last ambulance took more than two years from start to finish.

Mr. Gelston noted a discrepancy between the Tax Collector's Report and revenues year to date. Mrs. Varricchio believed that the discrepancy involved late fees and penalties, however, Mrs. Varricchio stated that she would confirm. Mrs. Varricchio advised that the Tax Collector has had great success with the collection agent that has been hired. Several questions were asked and answered regarding specific line items pursuant to the report.

b. Budget Calendar Update:

See below.

LIAISON REPORTS

Mr. Lauria advised that the Board of Education will meet tomorrow evening.

OLD BUSINESS

Nothing noted.

NEW BUSINESS

a. **Appointment of Auditor:**

The Board of Finance is required to appoint the auditor each year and notify the Office of Policy and Management of their selection. An RFP was issued for audit services in February 2016; the Board ultimately selected Blum Shapiro. We have a contract for a three-year term with the option to renew for two additional years. This would be the first renewal. The fee for the June 30, 2019 audit is \$41,300. This is an increase of 1.8% or \$725.00.

Mr. Thomas noted that Blum Shapiro has been the Town's auditor for well over a decade. He suggested that a change would be meritorious. Mr. Gelston concurred with Mr. Thomas. He noted that sampling occurs, he suggested the audit has likely become predictable. Mrs. Varricchio noted that the RFP process is long and arduous and pre-audit work is already occurring. Mr. DiCristofaro stated that he would like discussion regarding the auditor put on the agenda for the fall.

Motion by Mrs. Gionta to appoint Blum Shapiro & Company PC as the Town of East Haddam Auditor for the July 1, 2018 to June 30, 2019 fiscal year audit. Mr. Lauria seconded the motion and it was unanimously approved. Motion carried.

GUESTS AND AUDIENCE COMMENTS

Jay Moreau, 510 Mount Parnassus Road, stated that he appreciated the discussion on farm abatement. He noted that East Haddam is a very rural town. He stated that the town overwhelmingly supports open space; he suggested that it would likewise support farm operations.

Mr. Moreau stated that the reason for delays with the ambulance is that it is very complicated to spec them out, particularly when multiple operators are involved with different ideas on patient care.

Mr. Moreau thanked the Boards and staff for its work on putting the budget together. He noted that he sat through most of the Board of Selectmen workshops and offered these concerns:

The Fire Department is looking for an increase of \$30,000 in capital reserves. Mr. Moreau noted that the Fire Department utilized over \$100,000 for the additional bay it built outside of the referendum process and it told the public that it did not need the reserves for the purchase of another truck at that time and that it would refurbish an engine rather than purchase a new one. He also noted that the fire department did not replace the boiler, that was part of the project approved at referendum, and now it is looking to do that.

Rob Smith noted that agenda item 9b (Finance Director's Report—Budget Calendar Update) was missed.

Budget Calendar Update:

Mr. DiCristofaro stated that he had a conflict with the March 25 Budget Workshop date and would be looking to reschedule that at Saturday's meeting. Mr. DiCristofaro noted that for Saturday's workshop, he will not invite any stakeholders. He would like the Board to do a thorough review and based on the review determine which stakeholders it would like to invite in for additional clarification and discussion.

Saturday's meeting will begin at 9:00 am. a continental breakfast and light lunch will be arranged.

OTHER

It was noted that today is Mr. DiCristofaro's birthday. First Selectman Lyman brought forward a cake and invited all to participate after adjourning.

Motion was made by Mr. Dutch to adjourn at 8:05 pm. Mr. Gelston seconded the motion and it was unanimously approved. Motion carried.

Respectfully submitted,

Deb Denette