

**TOWN OF EAST HADDAM
BOARD OF FINANCE**

March 14, 2011
7:00 pm
Grange Hall

Call to Order

The regular meeting of the East Haddam Board of Finance was called to order by Chairman Paul Maxwell on Monday, March 14, 2011 at 7:00 pm at the Grange Hall.

The Pledge of Allegiance was recited.

In attendance:

Board of Finance Members:

Paul Maxwell, Chairman
Robert Bennett
Matthew Budzik
Bruce Dutch
Susan Link

Others:

Mark Walter, First Selectman
Deb Denette, Town Clerk and BOF recording secretary
Pete Govert, Selectman
Emmett Lyman, Selectman
Cindy Varricchio, Finance Administrator
Dr. Ellen Solek, Superintendent of Schools
Robert Carroll, School Business Manager
David Scata, Director of Pupil Services

Board of Education Members:

Nancy Haslam, Chairman
Deb Fiala
Tracey Gionta
Everett Herden
Bryan Perry
Wyley Peckham
Scot Mackinnon

Mr. Walter requested the Board add the East Haddam Dog Pound Improvements to its agenda.

Motion was made by Mr. Dutch to add an item to the agenda under Selectmen's report, Item (d) Dog Pound Improvements. Mrs. Link seconded the motion. The motion carried unanimously.

Motion was made by Mr. Maxwell to alter the agenda to move the Board of Education budget presentation to the top of the agenda. Mrs. Link seconded the motion. The motion carried unanimously.

New Business

c. 2011-2012 Budget Presentations—Board of Education:

Dr. Solek presented the Board of Education's budget request of \$18,374,094, representing a 1.65% increase over last year's budget. She stated that the budget proposed was based on the following five goals:

1. Accountability and achievement
2. Scientific research based interventions
3. Alignment with district plans
4. Collaboration and fiscal responsibility
5. 21st century technology integration

Dr. Solek advised that she made over \$35,000 of cuts prior to presenting the budget to the Board. She also noted that the budget includes \$300,000 in capital improvements for a roof replacement at the elementary school and a feasibility study for expansion of the Library Media Center.

Dr. Solek stated that the projected enrollment will decrease by approximately 50 students next year and that through attrition one teacher will be reduced in the first grade. Also, the world language position, that introduces Spanish to students in grade 4-6, will be eliminated in favor of a middle school language arts consultant and a middle school math consultant. These positions are responsive to the Scientific Research Based Interventions goal.

Brief discussion was held explaining the difference between a world language teacher and a language arts consultant at the request of Mr. Budzik.

Dr. Solek noted that other changes include a .4 transition coordinator that is a federally mandated position to assist special needs students as they transition into the work place. The position was grant funded in the past, however, the grant expires. Another grant that is expiring is \$100,000 which is now being used for an alternative high school program. The creation of this alternative option has saved the district \$60,000 per outplaced student. She added that it is a very worthwhile program to keep both in terms of cost savings and student benefit.

Dr. Solek stated that the budget was prepared assuming that ECS funding will remain static and provided a brief overview of other funding sources.

Mr. Maxwell noted disparity between the enrollment figures. Dr. Solek stated that the middle school should note 510 students not 410. Responsive to additional inquiry from Mr. Maxwell, Dr. Solek advised that the bus contract does not include fuel. Mr. Carroll advised that the fuel contract is being negotiated and a place holder number has been incorporated.

Mr. Scata responded to inquiry from the Board that the special education budget is projected to decrease, based on what is known now.

Hearing no other questions or comments, Mr. Maxwell thanked Dr. Solek for her presentation. He stated that he was very pleased to have seen such a collaborative effort between the Town and the Board of Education.

Mr. Maxwell inquired what impact the excessive snow had on the school system. Dr. Solek stated that educational continuity was gone for the entire month of January however CMT and CAPT testing are concluded or underway and are going very well. She stated that there have been no financial ramifications other than the removal of snow from the roofs, which cost the district approximately \$12,000. A structural engineer also reviewed the buildings and gave a great report on the structural integrity of the buildings. Mr. Walter added that a storage shed collapsed that housed the Board of Education's mowers.

Brief discussion was held relative to additional meetings for budget review and questions of the Board of Education's budget. The Board of Finance, at this time did not have additional questions of the educational budget.

Approval of Minutes

Motion was made by Mr. Bennett to accept the minutes of the February 7, 2011 meeting as presented. Mrs. Link seconded the motion. The motion carried unanimously.

Correspondence

Nothing noted.

Chairman's Report

a. Tax Collector's Monthly Report:

Mr. Maxwell stated that he was very pleased with the 99.32% collection rate.

First Selectman's Report

a. Health Benefits Consultant RFP Results:

Mr. Walter stated that the Town, including education, expends approximately \$2,700,000 annually on health benefits. He stated that hiring a health benefits consultant could have the potential to save the Town funds. RFP's have been received and a comparative analysis was presented. Mrs. Link, Mr. Budzik and Mr. Maxwell agreed to sit in panel and review/interview potential consultants along with Mr. Walter, Mr. Carroll, Mrs. Varricchio and Mrs. Snow.

Mr. Walter stated we have a meeting with Anthem on March 22, 2011 at 2:00 pm to review the insurance renewal. He stated that he anticipates a reduction in the place holder for next year's budget as the increase is now anticipated at 9.83% rather than the initially anticipated 17%. It was noted that the savings will be calculated and provided to the Board of Finance at their next meeting.

b. Public Works Vehicle Repair:

Mr. Walter advised that an engine blew on one of the big trucks necessitating a \$10,000 repair. This prompted discussion relative to the impact snow had on the equipment. Mr. Walter stated it was necessary to contract out work because our maintenance person could not keep up. Mrs. Varricchio responded that the equipment repair line is over \$16,000. Mr. Walter added that Middlesex and

Windham counties were denied Federal assistance from the snow event of January 11-12. He stated that Joe Courtney is appealing the decision.

c. Grange Hall Improvements:

Mr. Walter stated that the renovations to accommodate the Food Bank are nearly completed. Responsive to inquiry from Mr. Dutch, Mr. Walter advised that \$18,000 for the project had been encumbered, a grant had been received from Consumers Union in the amount of \$5,000 and that the balance is coming from the maintenance fund. The project did go over budget, reasons cited were the fact that there was no fire alarm system and rot was discovered behind a window in the storage room and under the kitchen.

The lack of a fire alarm system prompted discussion about whether such a system had been installed in the Rathbun Library. Mr. Walter was uncertain if the system had been installed yet.

d. Dog Pound Improvements:

Mr. Walter advised that the Town's Building Official identified "must do" repairs to the Dog Pound to address exposed wiring. Pictures of the violations were viewed. Mr. Walter stated that the repairs, estimated at approximately \$10,000 need to be done regardless of whether the East Hampton dog pound utilizes our facility.

Mr. Walter stated that the State will require any additional building to be to code as a regional facility however, existing space will be grandfathered. Mr. Walter stated that he estimated a high end cost of \$25,000 to complete the Dog Pound to be compliant enough to enter into a contract with East Hampton. East Hampton will pay an annual charge of \$6,000 for a three year contract, which will recoup the costs of the upgrades, for the additional kennels. Mr. Walter stated that he would like to break the needed work up into several smaller pieces so that local contractors can bid on the work. There was discussion that only those funds expended would be transferred from Contingency.

Mr. Walter stated that approval of these expenses would require a Town Meeting because there has already been one transfer from Contingency to Animal Control.

Motion was made by Mr. Maxwell to transfer an amount not to exceed \$25,000 from Contingency (704-588701) to Animal Control (847-574701) for the purpose of State code compliance improvements to the Animal Control facility and to request that the Board of Selectmen schedule a Town Meeting for approval. Mr. Bennett seconded the motion. The motion carried unanimously.

Finance Administrator's Report

a. February YTD Budget Reports and Year End Forecast:

Mrs. Varricchio reviewed the year-end forecast. She is projecting savings in the capital budget of approximately \$250,000 as a result of the high school chimney and elementary school ventilators bids coming in well below budget. It was noted that a corresponding reduction was made on revenue receipts because only

those funds needed for capital projects would be transferred from the Reserve for Capital Projects.

Revenues are not coming in as projected resulting in a significant shortfall. She stated that potential areas of expense savings are being reviewed to offset. Mrs. Varricchio stated that expenses are tracking as projected.

Mrs. Varricchio stated that investment income was over \$400,000 four years ago, and is projected to be 85,000 this year. She stated that sand and salt were problematic this year; luckily we had reserves of both in place at the beginning of the season.

Mrs. Varricchio advised that a supplemental appropriation may be necessary at year end if revenues do not pick up. Town Clerk and Transfer Station revenues were both well off projection over the winter months.

Liaison Reports

Nothing noted.

Guests and Audience Comments

Mr. Govert expressed get well wishes for Mr. Schwenzfeier.

Wyley Peckham thanked those involved for bringing forth a budget with a minimal increase. He also distributed a chart depicting costs for commodities in 2009 compared with 2011. The chart cited US Energy Information; Wall Street Journal; Bureau of Labor Statistics; Census Bureau, USDA, US Department of Labor, FHFA, Standard & Poor's, Case-Shiller; RealtyTrac, Heritage Foundation, The Conference Board, FDIC Federal Reserve and the US Treasury as its sources. Mr. Peckham stated that an increase, even of \$25.00 can be the difference between a doctors' visit and prescription co-pay for someone on a fixed income struggling to pay their bills. He reiterated that he believed a fair budget was being presented, however, he stated if it could go even lower, that would be great.

Unfinished Business

None.

New Business

a. ARRA Pavement Management Supplemental Grant:

Mrs. Varricchio reported that the Town has been awarded supplemental funding for the grant that we utilized to pave Lake Shore Drive in the amount of \$22,622.

b. Emergency Management Performance Grant:

Mrs. Varricchio reported that this is an annual grant that helps offsets emergency management costs. The Town has been awarded \$4,165. We budget for the expenses and revenue for this grant in our annual operating budget.

Motion was made by Mr. Maxwell to recommended that the Board of Selectmen schedule a Town Meeting for the acceptance of the American Recovery and

Reinvestment Act Pavement Preservation Project Grant in the amount of \$22,622 for the purpose of resurfacing Lake Shore Drive (revenue account 79-431510-G1005 and expense account 79-541750-G1105) and for the acceptance of the State of Connecticut Department of Emergency Management and Homeland Security FY2011 Emergency Management Performance Grant in the amount of \$4,165 (revenue budget 746-431510 and expense budget 746-531510). Mr. Budzik seconded the motion. The motion carried unanimously.

c. 2011-2012 Budget Presentations:

Board of Education: Presented earlier.

Board of Selectmen:

Mr. Walter presented the Board of Selectmen's budget, including the Board of Education figures, for 2011-2012 which reflects a tax increase of 1.90% or .23 mills. He noted that the focus for 2011-2012 continues to be a quality education for the children; public safety and continued improvement of the Town's infrastructure and services. He noted that inter-local opportunities are being utilized to maximize the Town's dollars.

Mr. Walter stated that the 2011-2012 budget includes funding, to be paired with an 80% Federal grant, for repair of the Johnsonville Road bridge which is one of the three bridges identified by DOT to be in poor condition. The other two bridges are Foxtown Road and Haywardville Road. Mr. Walter stated that the Town's portion of this project is proposed to come from reserves so as to not impact the mill rate.

Declining revenues continue to be a challenge. Mr. Walter stated that the budget proposes the use of \$625,000 from the Town's Fund balance. He stated that the projected balance of this fund for June 30, 2011 is \$6,700,000 (23% of the proposed budget). He stated that Standard & Poor's considers a fund balance above 15% very strong, Mr. Walter added that in a better economy he would not recommend taking funds from the fund balance, however, given the present state of the economy it would not be prudent to put an even bigger burden on the taxpayers.

Mr. Walter noted that new funding identified under records management is proposed to address both technology requirements and the process of imaging records for easy public access and safe storage of permanent documents. The imaging of records would begin with the Building Department. Through the use of technology, files will be scanned and stored off site, allowing 24/7 access by the public. It was further noted that a budget line for shredding was added. This has been paid through the Town Clerk's preservation fund in the past; however, the planned purchase of additional shelving for the vault will draw down this account.

Mr. Walter thanked Mr. Maxwell and Mrs. Varricchio for their efforts in getting ready to be GASB 54 compliant. He also commended Mrs. Varricchio for a fine job in pulling all of the budgets together.

Mrs. Link inquired how the mowing expenses were increased. Mr. Walter advised that the season has been lengthened and will commence earlier. The schedule followed in prior years did not adequately address the spring growth, particularly at the ball fields and cemeteries.

The increases in the Registrars of Voters line brought about discussion as they requested additional hours for the deputy's. Mr. Maxwell questioned if such additional training was necessary in a municipal only year.

Discussion ensued relative to the budget for heat at the Old Middle School. Mr. Walter stated that \$52,000 was budgeted and is an estimate. He noted that electricity was reduced in the Old Middle School budget and increased in the Grange budget as a result of the Food Bank moving to the Grange. Mr. Walter stated that he would be comfortable if the Board of Finance chose to lower the amount budgeted for fuel. There was a consensus to reduce the heating budget by \$10,000.

Regarding the Highway Department, it was noted that the search continues for someone to replace former Public Works Director Fred Thumm. It was noted that a potential savings could result depending on the candidate ultimately recruited.

Fringe Benefits increases include the costs associated with Municipal Employee Retirement Fund increase which is State mandated.

Workers' Compensation has increased. Mr. Walter explained that the bottom line for the insurance is the same; however, the formula for which the Town's portion is calculated was changed. The Ambulance Association Workers' Compensation insurance is included in the Town's policy and the Town charges the Association for those costs. In the past, the cost of the insurance was based on the value of the ambulances, it has been modified to be based on a per call fee. As a result the charge to the ambulance is reduced and the Town's share increased.

Discussion on the toll taken by Town roads due to the rough winter ensued. Because of the mild rather than rapid thaw, we fared better than we could have. There do not seem to be significant frost heave issues, and spot paving should be enough to address the majority of the pot holes.

Mr. Maxwell inquired whether Mr. Govert had any comments on the Selectmen's budget. Mr. Govert stated that the Town has built up the general fund balance from years and years of good fiscal responsibility, he stated that he is in agreement with utilizing fund balance because of the economic times we are in. Likewise, Mr. Lyman stated that he also concurred with utilizing fund balance due to the present economy.

Mr. Bennett prompted discussion relative to the Police request for new guns. Noting that East Haddam is not frequently involved in shoot outs, he inquired why the guns were necessary. He also noted that when the existing Berretta's were purchased, there were spares that should be able to be swapped out for wear or parts. Mr. Walter stated that the request is to mirror what the State uses so that parts and accessories are interchangeable. Questions were also raised relative to emergency management supplies and equipment. In 2009-2010 \$734 was expended, but 2010-2011 and 2011-2012 both had \$3,000 in this line. Mr. Walter believed that funds were being encumbered for the purchase of radios.

Responsive to inquiry from Mr. Maxwell, it was noted that the Town is still following its road plan; however, it may need to be modified should conditions dictate.

Mrs. Varricchio advised that there will need to be a \$428 increase to the Tax Collector's budget reflecting an increase by the State for delinquent tax reporting for the Department of Motor Vehicles and a \$600 increase in the Senior Center budget

for cleaning services. Both increases were received after the budget was passed by the Board of Selectmen. Discussion was held on the payment to the State Motor Vehicles. It was noted that the State will withhold motor vehicle registration if taxes are unpaid, for a fee.

The next Board of Finance Meeting to review the budget was scheduled for March 31, 2011 at 7:00 at the Grange. It was requested that representatives from the Fire Department, Highway Department, Police and Emergency Management attend.

Motion was made by Mr. Bennett to adjourn at 8:59 pm. Mrs. Link seconded the motion. The motion carried unanimously.

Respectfully submitted,

Deb Denette