

TOWN OF EAST HADDAM
BOARD OF FINANCE
Regular Meeting
January 9, 2012
7:00 pm
Nathan Hale-Ray High School

Call to Order

The Regular meeting of the East Haddam Board of Finance was called to order by Chairman Paul Maxwell on Monday, January 9, 2012 at 7:00 pm at the Nathan Hale-Ray High School.

The Pledge of Allegiance was recited.

In attendance:

Board of Finance Members:

Paul Maxwell
Robert Bennett
Bruce Dutch
Susan Link
Harvey Thomas

Mr. Maxwell reported that Board member Ed Schwenzfeier is in the hospital. The Board extended well wishes to Mr. Schwenzfeier.

Others:

Mark B. Walter, First Selectman
Denise Dill, Tax Collector
Cindy Varricchio, Finance Administrator
Loreta Zdanys, Assessor
Michael Gross, Board of Assessment Appeals
Deb Fiala, Board of Education

Approval of Minutes

a. Regular Meeting December 12, 2011:

Motion was made by Mr. Bennett to approve the December 12, 2011 Regular Meeting minutes with the following change—Page 3—Item b—IRS Tax Designations. The motion should read: “.....Use of Town vehicles for commuting purposes by employees...” Mrs. Link seconded the motion and it was unanimously approved. Motion carried.

Correspondence

Nothing noted.

Chairman's Report

a. Tax Collector Monthly Report:

The Tax Collector's Monthly Report was reviewed. Mr. Maxwell inquired about the number of people who pay taxes in person. Mrs. Dill responded that today there were approximately 20

people; she reported that many people like to pay their taxes in person to ensure that payment is processed and that they have a receipt.

b. Fiscal Year Ended June 30, 2011 Audit Recommendation—Monthly Tax Reconciliation:

See Finance Administrator's Report.

First Selectman's Report:

a. Court Ordered Clean-up of 27 Powerhouse Road-Bid Results:

Mr. Walter reported that four years ago there was a New Year's Eve fire and that there were trash issues that prohibited access by fire vehicles and equipment. It was necessary for the Fire Department to knock in the walls of the home. The owner of the home unsuccessfully sued the Town for \$1 million. We now have a court ordered clean-up of the property. An RFP was issued and the Board of Selectmen has awarded the bid to Jim Carlson Excavating in the amount of \$28,749 pending approval of funding by the Board of Finance and Town Meeting. Mr. Walter reported that this is the third time the Town will be cleaning this property and we are tracking all of our expenses and that we will follow a process similar to a tax foreclosure to be repaid all the costs incurred by the Town; a process that could take up to two years.

There was discussion as to what was the appropriate funding mechanism—utilizing Contingency Funds or a special appropriation. It was noted that either way it would require a Town Meeting because it was over \$20,000. Mr. Bennett asked about what distinguished what was a Contingency Fund appropriation versus a special appropriation. Mr. Maxwell responded that the Contingency Fund is for unforeseen expenditures such as this and a special appropriation is for items that are unusual and beyond the scope of the budget.

Motion was made by Mr. Maxwell to transfer \$28,749 from the Board of Finance Contingency (704-588701) to the Land Use—Contracted Services (713-542101) for the court ordered clean-up of 27 Powerhouse Road and to request that the Board of Selectmen schedule a Town Meeting for approval. Mrs. Link seconded the motion and it was unanimously approved. Motion carried.

b. Court Ordered Tax Refund—Daral Uloom Shady Brook, Inc.:

Mr. Walter reported that we must refund \$25,757.85 to Daral Uloom Shady Brook, Inc. for court determined tax exemption. Ms. Zdanys stated that the court determined that they were exempt on certain lots. Mrs. Link clarified the location of the property. Mrs. Dill stated that they cannot receive the refund until their outstanding taxes are paid.

Motion was made by Mr. Maxwell to approve a special appropriation in the amount of \$25,757.85 to the Tax Collector—Tax Refunds (710-582201) to award a court ordered tax refund in the amount of \$25,757.85 to Daral Uloom Shady Brook, Inc. 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.

c. STEAP Grant Award:

Mr. Walter reported that we have been awarded a Small Town Economic Assistance Program (STEAP) grant in the amount of \$100,000 for repairs for the sewer treatment plant. Mrs. Link inquired as to who wrote the grant. Mr. Walter responded Mr. Ventres and Mrs. Varricchio.

d. **2012-2013 Budget:**

Mr. Walter shared with the Board the budget memo issued for next year's budget requests. He highlighted on the newly approved Board of Finance policy for non-profit/community groups that are supported by the Town.

Motion was made by Mr. Maxwell to move up the agenda item under Unfinished Business, Assessor's Report—Audit Recommendations. Mr. Bennett seconded the motion and it was unanimously approved. Motion carried.

Unfinished Business

a. **Assessor Report—Audit Recommendations:**

Ms. Zdanys stated that she feels that the problem is with communication with the Town's audit firm. She does not know what they are asking her to do. She provided them with the total report from QDS which is acceptable for the auditors in Bozrah and Chester. Ms. Zdanys stated that they are not making it clear what they want; she would like a list in advance. The auditors are here at the busiest time for her department and she works only 20 hours per week.

Mrs. Varricchio shared with the Board that there was email correspondence from Blum Shapiro and a sample spreadsheet of what they are looking for. The email was sent to Ms. Zdanys on June 16, 2011.

Ms. Zdanys suggested that contact be made to the other towns that they audit to determine what they are looking for.

Mr. Maxwell stated that Blum Shapiro audits two-thirds of the towns in the State. Mr. Gross stated that he had received a copy of the Blum Shapiro email from Mr. Maxwell and from their example it seems to him that they are looking to see how the changes from the Board of Assessment Appeals to the Grand List are reflected by each action.

Mr. Maxwell requested that Ms. Zdanys send him the information that she had provided to the auditors and that he would personally draft a letter to Blum Shapiro to address specifically what they require. Mr. Maxwell stated that he doesn't want this audit recommendation to happen again. Mr. Maxwell also stated that the auditors will always be here at the seasonal busy times. Ms. Zdanys agreed to provide Mr. Maxwell with the information so that he can pursue with the auditors.

FINANCE ADMINISTRATOR'S REPORT

a. **December YTD Budget Reports:**

Mrs. Varricchio reviewed the December YTD reports with the Board.

b. **Storm Irene—Cost Analysis/FEMA Update:**

Mrs. Varricchio updated the Board on the FEMA grant submissions. The Town has submitted for Storm Irene a total of \$249,515 of which 75% or \$187,136 is eligible for reimbursement. FEMA is still reviewing our application and we have not been notified of what we will actually receive for reimbursement.

c. **Firefighter Pension:**

Mrs. Varricchio reported that the Board of Finance had approved the LOSAP Plan last year; however, we need formal action from the Board in accordance with the Ordinance amendment

(6[c] to move forward. The ordinance amendment was approved at Town Meeting on December 28, 2011.

Motion was made by Mr. Bennett to approve the Town of East Haddam, Connecticut, Length of Service Award Plan for Volunteer Members of the East Haddam Volunteer Fire Department, Effective January 1, 2012. Mrs. Link seconded the motion and it was unanimously approved. Motion carried.

d. **Paid Sick Leave:**

Mrs. Varricchio handed out to the Board an overview (prepared by our Labor Counsel) of the paid sick leave legislation for part-time workers. She will be analyzing the impact to the Town and will report back to the Board.

Mr. Thomas inquired with regard to the audit recommendations that required follow-up. A memo from Tax Collector Denise Dill and Finance Administrator Cindy Varricchio was distributed to the Board. The content of the memo is as follows:

"The Tax and Finance Offices have implemented a monthly reconciliation procedure to ensure that all tax collections recorded on the general ledger agree to the Tax Collector's report on an ongoing basis in accordance with the audit recommendations.

Each month the Board of Finance receives a copy of the Tax Collector's Monthly Report to the Treasurer. Beginning with the December report, we have included an additional item. At the bottom of the report is a sign-off from the Finance Department that documents that tax collections have been reconciled, prior to the report being submitted to the Board of Finance for their review.

The sign-off will ensure that full reconciliation is completed and any discrepancies are remedied on a monthly basis, it will further ensure to the Board of Finance that the reports they receive are accurate and up-to-date."

Mrs. Varricchio reported that the procedure with regard to budget expenditures will be presented to the Board in February.

Liaison Reports

Mr. Bennett reported that he had attended the December Board of Education Finance Subcommittee Meeting. At the meeting there was discussion regarding the Early Childhood Council which was started with United Way funding that is being phased out. Their representative Cindy Praisner is seeking funding to continue the program. The United Way funding completely ends in 2014-2015.

Guests and Audience Comments

Nothing noted.

Unfinished Business

b. **WPCA Loan for Upgrades to the Sewer Treatment Facility:**

It was the consensus of the Board at the September 2011 to extend a loan to the Water Pollution Control Authority for improvements to the Sewer Treatment Facility.

Motion was made by Mrs. Link to approve the following resolution:

RESOLVED that the Board of Finance (the "Board") of the Town of East Haddam (the "Town") hereby accepts recommends to the electors and citizens eligible to vote at Town Meetings of the Town as follows, contingent upon approval and recommendation of the Board of Selectmen at their next regularly scheduled meeting:

That the Town (i) appropriate the sum of Sixty Thousand (\$60,000) Dollars to fund a loan to the East Haddam Water Pollution Control Authority (the "WPCA") for costs related to construction upgrades to the sewer treatment facility of the Town located on Lumberyard Road (the "Facility") and (ii) authorize the Board through actions of the First Selectman to make the loan to the WPCA pursuant to a Note satisfactory to the First Selectman and the Town Attorney.

Mr. Thomas seconded the motion and it was unanimously approved. Motion carried.

C. Non-Union Wage Scale:

Mr. Maxwell reviewed with the Board the current non-union wage scale has 16 steps and 20 classifications for 12 employees. It was noted that this wage scale was from a wage study conducted in 2007. Mr. Dutch stated that the wage study revealed that some employees were grossly underpaid when compared to wages in other towns. Mr. Maxwell stated that he would like Mrs. Varricchio to simplify into six or seven steps. It was the consensus of the Board to do so.

New Business

Nothing noted.

Other

Mr. Thomas prepared and handed out a matrix seeking to identify the questions that would have to be answered and the costs that would have to be estimated in order for him to intelligently decide about the financial efficacy of the middle school conversion project. This included such items as how much rental income the Town might derive from leasing the current Town office property, potential savings that might be realized from dispensing with space currently leased by the Town and options for full or partial renovation of the old middle school site.

There was discussion regarding the study prepared in 1998/1999 for a town office complex behind the old Town Hall. Mr. Thomas would like a spreadsheet prepared using the Middle School Conversion Committee's report to identify some of the costs.

Mr. Walter stated that he continues to gather information about opportunities for Town buildings and bringing all the information to the public for their input and feedback. There was discussion regarding a study completed by Harrall-Michalowski Associates. Mr. Walter stated that there is a huge challenge facing the East Haddam Village Revitalization Committee—the recent RFP issued generated zero interest and over 75 packets were sent out. Mr. Thomas stated that developers may be concerned because the Town Offices are still located on the property.

Motion was made by Mrs. Link to adjourn at 918 p.m. Mr. Dutch seconded the motion and it was unanimously approved. Motion carried.

Respectfully submitted,

Cindy Varricchio
Acting Clerk