

**TOWN OF EAST HADDAM  
BOARD OF FINANCE**

May 10, 2010  
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, May 10, 2010 at 7:00 pm at the Grange Hall. The Pledge of Allegiance was recited.

In attendance:

Members:

Paul Maxwell, Chairman  
Bob Bennett  
Matthew Budzik (arrived at 7:07 pm)  
Bruce Dutch  
Susan Link  
Ed Schwenzfeier

Others:

Mark B. Walter, First Selectman  
Deb Denette, Town Clerk and BOF recording secretary  
Kathy Klein  
Joe Audet, Layer 8  
Cindy Varricchio, Finance Administrator

**Approval of Minutes**

Mr. Maxwell noted that action on the minutes was tabled at the last meeting. The following minutes were presented for adoption, corrections were solicited:

Regular Meeting March 8, 2010  
Special Meeting March 16, 2010  
Special Meeting March 24, 2010  
Special Meeting March 29, 2010  
Special Meeting March 31, 2010  
Special Meeting April 5, 2010  
Regular Meeting April 12, 2010  
Special Meeting April 26, 2010

**April 5, 2010**

Page 2, fifth paragraph  
Replace "Teachers Unit: with "Teachers Union"

**April 12, 2010**

Page 6, first paragraph - replace "take out his anger" with "take out his dissatisfaction"

Page 6, third paragraph – replace “Unions did not play nice” with “Unions did not make concessions.”

page 8 – strike Mrs. Schwenzfeier replace with Mr. Schwenzfeier on the motion sending forward a total town budget of \$27,271,262.

Page 9 - Add “Mr. Schwenzfeier immediately offered to abstain for his voting conscience, which could not support 0% or the full amount requested” prior to the last motion prior to unfinished business.

Page 9 first paragraph after first motion. Add “vote in favor of going to Town Meeting” following as long as we are at 0%, he won’t.

**Mr. Bennett motioned, Mr. Schwenzfeier seconded, to adopt the minutes of the above-noted meeting minutes as amended. The motion carried unanimously.**

NOTE: Minutes were adopted prior to the arrival of Mr. Budzik, his changes were incorporated and agreed to by unanimous consent of the Board. All corrections are identified above.

Mr. Maxwell noted that it was impressive that in over 50 pages of minutes, there were very few corrections required. He commended the Clerk for her diligence.

Mr. Maxwell requested a motion to alter the agenda to accommodate Mr. Audet of Layer 8.

**Motion by Mr. Bennett, seconded by Mrs. Link to alter the order of the agenda. Motion carried unanimously.**

## **Finance Administrator’s Report**

### **a. Technology Update and Review:**

Mrs. Varricchio reported that she has been taking a hard look at the Town’s technology and she has learned that it is more antiquated than she believed. She noted certain security and licensing concerns, in addition to concerns with server functionality, firewalls, and back up. Mr. Audet provided technical answers to questions asked. Mrs. Varricchio stated that she would like to address these items from the 2009/2010 fiscal budget, to assure that the town is properly protected. She stated that there is not enough funding remaining in the technology line to address the \$28,000 in upgrades necessary. Responsive to inquiry from the Board, Mr. Audet noted that he believed the items addressed would cover within 95% of anything a competitor would recommend. Responsive to inquiry from Mr. Maxwell, it was noted that equipment is filtered down where appropriate. Mr. Budzik inquired where the funds to correct the deficiencies would come from. It was noted that there is over \$60,000 remaining in contingency. Mr. Bennett stated that he would prefer to authorize the line overage, but transfer funds at the completion of the project.

Responsive to inquiry from Mr. Maxwell, Mr. Walter added that the launch of the town’s new website highlighted weaknesses in the town’s technology infrastructure. Mrs. Varricchio added that the new technology will position the town to be able to convert to voice over IP should that be the course of action chosen. Such conversion

would likely be an additional \$4,500 to \$5,000. It was noted that the equipment and software being sought would all be movable should the conversion of the Old Middle School be accepted by the voters. Mrs. Link noted concern with the cost of the server. Discussion was held relative to what each server does, and the type of back-ups that occur. The cost differential owning vs. hosting was analyzed. Warranties were also discussed.

**Mr. Bennett motioned, seconded by Mr. Schwenzfeier to authorize administration to go forward with the technology upgrades recognizing that the line will be over budget and to transfer funds at years end. The motion carried unanimously.**

### **Correspondence**

Nothing noted.

### **Chairman's Report**

#### **a. Tax Collector's Monthly Report:**

In addition to the monthly report a spreadsheet of monthly collections for the past five years was presented. No questions were raised.

Mr. Maxwell noted that last month Mr. Budzik indicated the Attorney General's Office involvement with the bonding agency ratings, Mr. Maxwell requested clarification of those comments.

Mr. Budzik advised that the Attorney General's Office brought suit under the unfair trade practices Act against all three rating agencies for misrepresentation. He noted that municipalities cannot go out of business, thus they can never default on a bond. The criteria established for establishing a rating has much to do with defaults. He noted that as a result of the suit, which is on-going, most municipalities have experienced a rating raise.

Mrs. Link inquired how the technology vendor was chosen. Mrs. Varricchio stated that she worked with them in another town. She stated that their quality of work is fantastic. Mrs. Link inquired who the Board of Education utilizes for technology. Mr. Walter advised that they have a full time employee dedicated to IT issues and two teachers on stipend. Mrs. Varricchio stated that the current vendor bills at \$100.00 per hour. The prior vendor billed for blocks of time, it was often difficult to obtain services however, as payment had been made in advance. Mrs. Link requested further break out detail for the items to be provided.

### **First Selectman's Report**

Mr. Walter presented tax and business incentive ordinance that has been crafted through the Economic Development Commission, approved by the Town Attorney and Board of Selectmen. Mr. Walter stated that Board of Finance action is requested so that it can be sent to town meeting. Mr. Walter summarized the purpose and intent of the ordinance. He noted that it is a tiered system and that the EDC, Board of Selectmen and Board of Finance would approve any tax abatements that came forward. Mr. Walter stated that any business must be approved through the Planning and Zoning process, the incentive comes for additions beyond what is presently in existence.

Mr. Bennett stated that he would like opportunity to review the ordinance, and requested that it be tabled until next month.

Mr. Walter read into the record the following statement:

I believe that we have created a very reasonable budget for our citizens that I will be proud to support at the upcoming town meeting and referendum. I appreciate your concern that the wages for some of our positions were not in keeping with the compensation plan and your resulting action to remedy that situation. The Tax Collector and Town Clerk have chosen to give back their increases to the Town. I too would like to give my increase back to the Town.

### **Finance Administrator's Report**

#### **b. April YTD Budget Reports and Year-End Forecast**

Mrs. Varricchio reviewed the reports. She highlighted the following:

- savings from insurance are anticipated
- there are overages in the legal line
- forecasted revenues are projected to be \$65,000 below what was forecast

Mrs. Varricchio noted that no supplemental appropriations are anticipated other than what is necessary for the 4-8 middle school regarding the interest that was paid from the wrong account. It is recommended that this supplemental appropriation be made in this fiscal year to be able to bond in August.

Mr. Budzik questioned the legal fees associated with the airport. Mr. Walter advised that they are due to assessment appeals.

#### **c. BAN Rollover Information**

Mrs. Varricchio reported that we have rolled over the BAN for the 4-8 Middle School funding for 90 days. The interest rate is .75%, with a net interest rate of .63%.

### **Liaison Reports**

Nothing noted.

### **Guests and Audience Comments**

Mrs. Klein inquired whether Board of Education staff had come forward with any concessions. She noted that she was at the public hearing where teachers noted that a framework had been established. Mrs. Link stated that a letter was sent from Nancy Haslam and Bryan Perry to the teachers union stating that they were waiting to hear what the proposal was.

Mrs. Link added that the finance subcommittee has found some savings to address the \$97,000 in cuts. She noted that these savings come from the retirement of one teacher and the resignation of another. She also noted that they will be cutting one kindergarten class as only 72 kindergarten students are registered for the fall.

New Business

a. **Gift Acceptance—Consumers Union**

Consumer Reports' Auto Testing Division has made a monetary gift to the Town in the amount of \$25,000 on behalf of Park & Recreation (\$20,000) to the Nichols Field Playground renovation and the Food Bank (renovation Project).

**Motion by Mr. Budzik, seconded by Mrs. Link to accept a gift from Consumers Union of the United States, Inc. for Park & Recreation in the amount of \$20,000 for the Nichols Field Playground renovation and to amend the 2009-2010 budget accordingly (Revenue account 799-431510-G1006 and expense account 799-541750-G1006) and to ask the Board of Selectmen to set a Town Meeting for approval.**

Mr. Walter advised that public works will do the site preparation work and that a donation for matting has also been received, he added that he will be looking for volunteers to put the playscape together. **The motion carried unanimously.**

**Motion by Mr. Budzik, seconded by Mrs. Link to accept a gift from Consumers Union of the United States, Inc. for Food Bank Renovation in the amount of \$5,000 to assist in moving the Food Bank from the old Middle School and to amend the 2009-2010 budget accordingly. (Revenue account 799-431510-G1007 and expense account 799-541750-G1007) and to ask the Board of Selectmen to set a Town Meeting for approval.**

Mr. Walter briefly provided an update on the status of the food bank. **The motion carried unanimously.**

b. **US Department of Justice Grant Application**

It was noted that a grant application is being submitted for bulletproof vests. This was noted to be a matching grant and the matching funds are in this year's budget. It was further noted that each officer presently has a bullet proof vest, the vests do, however, need to be recycled periodically.

**Other**

Mr. Maxwell reminded the Board of the Town Meeting to send the budget to referendum to be held on Wednesday. It was noted that there is a group forming to oppose the referendum as they wanted a 0% increase in the educational budget.

**Mr. Bennett motioned to adjourn at 8:35 pm. Mr. Schwenzfeier seconded the motion. The motion to adjourn carried unanimously.**

Respectfully submitted,

Deb Denette