

**EAST HADDAM
BOARD OF FINANCE
Special Meeting Minutes
March 14, 2006**

MEMBERS PRESENT: Bob Bennett, Matt Budzik, Mark Fortier, George Giesey - Chairman, Tony Shetensky (arrived 6:08 p.m.), David Meade.

MEMBERS ABSENT: None

OTHERS PRESENT: Brad Parker, Mary Jane Plude, Randy Dill, Pete Govert, *Middletown Press* reporter.

1. CALL TO ORDER: Chairman Giesey called the meeting to order at 6:04 PM.

The Pledge of Allegiance was recited.

2. BOARD OF SELECTMEN PRESENTATION OF THE GENERAL GOVERNMENT BUDGET:

Mr. Parker gave a brief review of the process of the budget to date. He stated that the Selectmen reviewed every budget request and met with every department head. They then spent two days reviewing all of the numbers.

Mr. Parker stated that the budget he is presenting is fiscally sound and a good proposal. It does not include the American Legion request, as the Selectmen felt that decision should be made with the Board of Finance. All salaries are included at a 3% increase. He stated that the Selectmen chose to discuss and review any salary adjustments jointly with the Board of Finance.

Mr. Giesey asked what the area average for salary increases is, and Mr. Parker replied that it was 3.5%.

Mr. Parker stated that the budget does not include any debt service for open space bonding; however, there is the potential for it next fiscal year.

Mr. Parker went through the Selectmen's written proposal and explained that each department request will be reviewed in detail at later meetings.

The overall proposed increase is 4.4%. He reviewed the breakdown of that request. He noted that this year's request is significantly less than last year's, which was over 8%. He went over the highlights and challenges of the budget proposal. He explained that reserves are down this year since the funds set aside last year for a debt payment and for the high school flooring are not included this year.

Mr. Parker explained that the departments that include members of the clerical staff appear high this year due to the contract being completed after the budget process last year, and the salary increase was more than budgeted.

Mr. Parker noted that the snow budget was increased. Mr. Meade asked to see a 5-year average in this department.

Mr. Parker reported that overall, the Selectmen are recommending a 5.86% budget as compared to department requests of 8.29%. He noted that salaries and benefits are the largest increase, followed by utilities.

Mr. Parker discussed the importance of continuing funding for capital in some areas, especially public works. After the tour this past weekend, the Selectmen reduced the public works equipment request by the amount of the truck body. They also made reductions in the Sanitation line by spreading out one project over 2 years. The amount placed in the Board of Education capital line is just an estimate based on prior years. He noted that the capital budget has shown steady growth.

Mr. Parker reiterated that the total bottom line shows a 4.4% increase. He demonstrated through graphs that the total budget history has shown steady growth, without any major spikes.

Mr. Budzik noted that if you factored in inflation, the graph would be even flatter.

Mr. Parker stated that significant cuts were made and will be discussed as each budget is reviewed. It was a challenge this year with the increases we had no control over and having only a small increase in the grand list.

The budget represents a \$750,000 appropriation to the Capital Projects Reserve. He noted that the money set aside last year for the first debt payment in reserve for when it comes due. He reported that we would not be going out for bonding until the land issues are resolved.

He explained that the Selectmen felt that salary discussions should be held jointly with the Board of Finance so no recommendations have been made as of yet.

Mr. Bennett stated that he would like to see a recommendation on salary from the Selectmen. Mr. Parker responded that the Selectmen could do that, although they felt it was something the two boards should work on together.

Ms. Plude noted that department heads requesting salary adjustments have been given the opportunity to come to a budget meeting to discuss their request with the Board of Finance.

Mr. Fortier asked why the recommendation is to keep the BOE capital the same as last year. Mr. Parker replied that the Selectmen felt it was not their role to decide how those major capital projects should be paid for. They felt that capital was up for discussion during the budget process.

Mr. Fortier asked why the Selectmen changed the BOE figure for capital without their input? Mr. Parker explained that each year the BOE asks for \$1 million in capital but are not budgeted for that amount. The recommendation is based on past history and is not meant to be anything more than an estimate at this time.

Mr. Budzik asked if the Selectmen voted on the recommendation. Mr. Parker replied that they did.

Mr. Parker clarified that at no point did the Selectmen not support the BOE request for capital. It was their understanding that the Board of Finance may deal with the BOE capital request outside of the budget.

Mr. Dill stated that he voted to support the budget with \$321,000 for BOE capital since this would keep the mill rate increase under 1 mill. He stated that he wasn't happy with reducing the amount of reserve since he is concerned about paying for the new school, but he supports keeping the mill rate under 1 mill.

Mr. Budzik asked Mr. Dill if he had an opinion on putting the BOE capital money back into the budget and making cuts elsewhere. Mr. Dill responded that it would depend on where the cuts were. He also acknowledged that the small increase in the grand list was a challenge.

Mr. Shetensky asked if money was in the budget for the upcoming revaluation. Ms. Plude noted that the money has already been set aside in a reserve fund.

Mr. Parker noted that the final action on how to deal with the salaries and capital comes from the Board of Finance, but the Board of Selectmen wishes to be a part of the discussions.

Mr. Giesey felt that the BOS should give a recommendation on salaries. Mr. Fortier added that they should also comment on the American Legion request. Mr. Parker reiterated that the Selectmen were unsure as to how the BOF would be handling the Legion request, such as through the surplus.

Mr. Budzik asked if the Selectmen's recommendation included a 3% salary increase. Mr. Parker stated that it did with the exception of those salaries under contract.

Mr. Fortier suggested looking at what the difference would be if a 3-½ % increase were given.

Mr. Fortier stated that the savings in debt service should go into the capital reserve as was planned. He noted that the Selectmen's recommendation is shy \$150,000 and this savings. The reasons to continue the plan are very important. If we lose this year we lose every year going forward. He noted that the \$650,000 was a one time bonus that would not be available every year.

Mr. Meade stated that he is enthusiastic about putting the plan in place.

Mr. Fortier noted that the increase in the school cost is not in the long-range plan.

Mr. Parker asked the BOF to review the budgets in the book and hopefully we can answer questions as we go along.

Ms. Plude asked the liaisons to review their budgets and make recommendations as to whether or not the department heads need to come to a budget meeting to review their budgets. She will then schedule those who are asked to come in.

Mr. Meade suggested that the Board needed two decision tools: 1) salary surveys and 2) debt service plan.

Mr. Fortier complimented the Board of Selectmen for its hard work on this budget, especially on the operating side. He noted that it now makes the Board of Finance's job easier.

Mr. Giesey agreed that the BOS had done a good job and noted that the budget moving forward would be a joint effort.

Motion by Mr. Fortier to adjourn at 7:07 p.m., seconded by Mr. Meade, and carried by unanimous vote.

Respectfully submitted,

David Meade
Secretary