

Town of East Haddam
Board of Finance
April 9, 2007
Special Meeting

1. CALL TO ORDER

The Special Meeting of the East Haddam Board of Finance was called to order Monday, April 9, 2007 at 6:46p.m. at the Town Annex, by Chairman Matthew Budzik.

In attendance were Matthew Budzik, Bob Bennett, David Meade, George Giesey, Mark Fortier and Tony Shetensky.

Also in attendance were First Selectman Brad Parker, Selectman Pete Govert and Stephanie Tatro, Finance Director.

The Pledge of Allegiance was recited.

2. Budget Discussion

Mrs. Tatro distributed an updated budget worksheet.

Mr. Budzik explained the BAN interest came out of capital reserves vs. having a separate line item.

Mr. Budzik shared a letter received by Mary Ellen Klink, Century 21 Real Estate, dated April 6, 2007 in support of the addition of the EDC Staff liaison.

Mr. Fortier, referring to the updated budget worksheet, stated he had no recollection of the board, by consensus or by vote; that they wanted to cut out \$211,000 in expenditures to which Mr. Budzik agreed. Mr. Fortier questioned why the cuts had been made to the updated budget worksheet if they were not agreed upon. Mr. Budzik explained that nothing on the sheet was a final budget. Mr. Fortier stated the updates should be reflective of what the board had decided. Mr. Budzik stated the budget was open for changes as deemed necessary by the board. First Selectman Parker stated if the board were to decide to take the BAN out of the reserve then the mill rate increase would be as indicated on the current budget worksheet of 0.72%, exclusive of any cuts.

Mr. Shetensky stated Terri Larson, Webster Bank, had advised that bond agencies did not look favorably on towns that finance operating expenses out of capital reserves.

Mr. Fortier stated the budget was comprised of all expenditures and revenues expected over the next fiscal year and advised against removing expenses and revenues. Mr. Budzik questioned if it could be funded out of the capital reserve. Mr. Fortier replied affirmatively, provided it went to town meeting for a vote. First Selectman Parker stated if it is not shown on the expense side of the budget,

then when it is withdrawn from the capital reserve account, a town meeting would be required, because it would not be a part of the approved budget. Mr. Fortier stated when creating the budget, anticipated expenses should be included as required by Statute. Mr. Fortier stated otherwise, they would be indiscriminately deciding what was to be included or not included in the budget. Mr. Budzik disagreed explaining the board was aware of all expenses and that it was a matter of determining where to put the expense in the budget. Mr. Budzik stated taking long-term debt out of the long-term capital reserve was where the funds would be budgeted for the remainder of the project. Mr. Fortier disagreed stating the interest expense was not included in the budget. Mrs. Tatro stated when the budget was presented to the town it would be made clear of the boards intentions.

Mr. Budzik noted that the capital reserve account was intended to pay long term debt obligations such as the school project, open space acquisition and refurbishing of the existing middle school to town offices. Mr. Fortier disagreed stating the money had been placed in a savings account for capital projects and that there had been no specific labeling of the money. Mr. Fortier stated at the time which the money is to be spent, it needed to be put under expenditure or by town vote. Mr. Budzik stated it was accounted for in the budget in a spot in which similar expenditures had been placed in previous budgets. Responsive to a question by Mr. Fortier, Mr. Budzik replied the \$736,000 interest expense was shown in the capital reserve line of the budget for bonding costs and other expenditures. Mrs. Tatro stated it would be clearer if the \$736,000 was included on the line labeled debt services and the \$325,000 on the line of interest income which would be earned on the BAN proceeds. Mrs. Tatro stated to get to the 0.72% mill rate increase they would need to decrease the amount showing available to deposit into the reserve of capital costs. Mr. Fortier stated all expenses should be indicated in the budget.

Mr. Shetensky suggested the budget reflect, for clarity, what is being saved and what is being spent currently, so that people understand what is being voted on. Responsive to a question by Mr. Shetensky, Mrs. Tatro replied the BAN interest would need to be paid during next year's fiscal budget. Mr. Fortier stated the total interest expense should be indicated on the debt service line. Mr. Fortier stated the interest revenue from the BANs should be indicated on the revenue side. Mr. Fortier stated if the board should decide to offset the interest expense with the capital reserves then it should be indicated on the revenue side.

Mrs. Tatro questioned if there was another purpose for the reserve in the capital projects line item, other than to pay for the school building project. The board explained it was for any capital projects that the board decided upon and could be spent on principal and interest. Mr. Meade stated the only current capital project was the 4-8 middle school. Responsive to a question by Mr. Meade, Mrs. Tatro replied \$2,785,000 would be deposited back into the reserve for capital

project funds once the BANs were issued. These funds will be credited to this year's budget.

Considerable discussion was held regarding how bonding of the school building project would be indicated on the budget and it was the consensus of the board that it would be indicated as an expense and revenue separately. Mrs. Tatro reviewed how it was indicated in the budget.

There was discussion regarding the public works budget for treated salt under item #54. Snow Removal. Change to the treated salt resulted in a \$41,000 increase in the snow removal budget category. Mr. Shetensky stated Mr. Thumm had indicated the savings would be evident the following year with the street storm drain cleaning. Mr. Shetensky questioned if it was a good year to try the treated salt with the current expenditures to the budget. Mrs. Tatro noted the sand removed from the drains was a hazardous material, which was difficult to dispose of.

First Selectman Parker shared a conversation with a local resident that worked for the Marlboro Department of Transportation garage in support of the change to the treated salt. The resident commented that sweeping of the storm drains took ½ the time to clean. Mr. Bennett noted there was less snow treated this year, therefore less sand to clean up and that it was not a good year for comparisons.

First Selectman Parker reviewed a magazine article titled Talk of Maine, in favor of the salt program.

Mr. Shetensky stressed the importance of prioritizing the budget.

Mr. Fortier stated it would take many years' use of the treated salt to determine if there is a savings. First Selectman Parker stated it was the board's decision how much money would be allocated to Public Works and not which program would be used.

Reviewing his notes from the Public Work's presentation, Mr. Budzik stated the following: Mr. Thumm had indicated that \$30,000 was spent on the catch basins and it was projected to be reduced in half with the treated salt program, dependent upon snow fall for any given year. Mr. Budzik stated Mr. Thumm had commented that the treated salt would eventually need to be used because the sand from the catch basins will be considered hazardous wastes in future years. Mr. Giesey was supportive of the salt program. Mr. Meade was unsure of the benefits of the salt program based on his travel experience on treated highway roads. Mr. Shetensky agreed stating that there was less confidence for the effect of the program on rural roads such as East Haddam.

The board would be in favor of a trial of the salt program but Mr. Thumm indicated there was not enough storage.

Responsive to a question by Selectman Govert, First Selectman Parker replied the town currently owned two sweepers which were purchased used, and not currently in the best condition. Mr. Shetensky commented they would still sweep the same number of roads but that the volume would be decreased by using the treated salt option. Currently catch basin cleaning is contracted out and the town performs the sweeping. First Selectman Parker stated the long-range plan is to purchase one machine that can perform the sweeping and catch basin cleaning.

Motion by Mr. Fortier to reduce the Public Works snow removal budget by \$41,500. Second by Mr. Shetensky.

Mr. Fortier commented there was not enough evidence supporting the treated salt program. Mr. Meade suggested a trial run.

Favor: Budzik, Bennett, Meade, Fortier, Shetensky

Oppose: Gieseey

Motion passes

The Board reviewed the Capital Improvements Schedule, item #50 General Highways. Mr. Fortier commented there was a large carryover in this area and questioned if some of the funds could be cut. First Selectman Parker explained the work would be complete in this fiscal year, once the weather improved. Mr. Meade stated initially the roads were neglected and advised the prescribed maintenance plan figures. Mr. Fortier questioned if equipment was included in the budget to which the response was affirmative that a backhoe would be purchased. Mr. Shetensky suggested renting equipment. First Selectman Parker advised the board that the intent was to purchase the backhoe for the Highway Department and take the old backhoe to the transfer station. Mr. Shetensky questioned if all of the General Highway's projects had been reviewed to determine if any of them could be delayed until the next year's budget. Mr. Budzik replied the intent was to spend a reasonable amount each year, so that projects don't accumulate, allowing for a reasonable repair schedule each year. Mr. Meade stated this year there would be a software package for roads that would give more accurate and specific data of upcoming expenses. First Selectman Parker briefly reviewed the schedule of road repairs as indicated in the budget.

The Board reviewed the General Government item #18 Economic Development Commission increase of \$15,000 for a staff liaison. Mr. Budzik stated he was in favor of the position because there were many projects in town. Mr. Budzik stated that if there was not work available, the person in this position would not get paid and that First Selectman Parker would monitor the position. Mr. Shetensky suggested it become a part of the First Selectman's role until it becomes so much work that someone needs to be hired. Mr. Budzik stated it was all ready too much for the First Selectman. Mr. Shetensky questioned if it

was the right year for the position. Mr. Budzik replied development projects required planning and that it was the right year to hire an EDC staff liaison.

Mr. Bennett briefly reviewed the Economic Development Commission meeting held April 5, 2007 regarding the village update. Mr. Meade stated the position would help in generating more tax base. Mr. Shetensky commented that surrounding towns have full time staff liaisons. It was the consensus of the board to accept the Selectman's recommendation of hiring an EDC staff liaison.

The board agreed to the recommendation for funds needed to purchase a map copier for the Building Department.

First Selectman Parker suggested the board consider taking action that if State revenue came in higher than projected in the budget that it goes into Capital Projects.

The board discussed the high school reading teacher position. It was the consensus of the board to accept the recommendation of the additional \$63,188 into the Education budget for this position.

Motion by Mr. Fortier at 8:55pm to go into executive session for the purpose of discussing salary adjustments and to invite the Selectmen, Mrs. Tatro and Mrs. Ziobron to attend. Second by Mr. Bennett and unanimously passed.

Motion by Mr. Shetensky to come out of executive session at 9:25. Second by Mr. Fortier and unanimously passed.

No motions or actions were taken.

4. Adjournment

Motion by Mr. Shetensky at 9:26pm to adjourn. Second by Mr. Fortier and unanimously passed.

Respectfully submitted,

David Meade
Secretary