

**BOARD OF SELECTMEN
BUDGET WORKSHOP MEETING
March 2, 2011
Meeting Room A**

Present: Philip J. Miller, First Selectman
Joel B. Marzi, Selectman
Norman M. Needleman, Selectman
Kelly Sterner
Robert Dixon

Philip Miller called the meeting to order at 5:40 p.m.

Kelly Sterner reported on the handout of all of the incorporated changes that she sent to the Selectmen by email since the last budget meeting, which included new information that was received. One change was that Valley Shore Emergency submitted their final number. Another was to include the \$13,000 for the new plotter / scanner equipment because the Board of Finance requested that this request go through the budget process rather than using contingency fund. Plus she added the impact of an additional equipment operator that Mr. Dave Caroline requested. That resulted in the email she sent you that resulted in a mill rate 18.37 impact analysis which would be a 4.18% increase over the prior fiscal year.

Additional changes based on supplemental requests/additional information

Page	Account #	Department	Change
B14	10475-507200	Technology-Equipment (purchase of plotter not approved this FY by BOF)	\$ 13,000.00
B44	10450-501100	Highway-Full Time Payroll (permanent addition to road crew)	\$ 30,326.00
B10	10494-501350	Fringe Benefits - FICA (based on road crew addition)	\$ 2,320.00
B10	10494-501450	Fringe Benefits - Medical & Dental (based on road crew addition)	\$ 7,803.00
B30	10428-504475-490	Emergency 9-1-1 Dispatch (VSECI submission 2.21.11)	\$ 5,300.00
B35	10423-504475-493	Public Safety-Resident Trooper (based on DPS proj. rec'd)	\$ 6,264.00
			\$ 65,013.00

BOS Proposed Budget Total for FT 2011-2012 (excluding education) \$ 6,818,017.00

cumulative total reduction from original budget \$ 97,676.00

% increase over prior fiscal year 4.92%

New things to consider tonight, one of them being reducing the sinking fund for the fire department, initial you had put back in the \$25,000 bringing it back to \$85,000. Eliminating the sinking fund for the cruiser sinking fund, currently there are several cruisers not being utilized.

Also regarding the purchase a loader and spreading it over a 5 year rather than a 3 year lease. Equipment usually lasts over 20 years.

The \$20,000 that was requested for the public works facility repairs and reducing that to \$10,000 and see if they could get the repairs done for the \$10,000 or possibly fund for over 2 years rather than 1 year. That would bring the Board of Selectmen's budget to \$6,770,000 which is approximately a 4% increase in selectmen's budget.

Kelly discussed the possibilities of closing out sinking funds of almost \$51,000 and transfer back into general fund and then we can reduce the increase to 3.6%. The revenue goes back into the undesignated fund. Mr. Needleman stated that because the undesignated funds increases by that amount, when the new mill rate is calculated

Mrs. Sterner stated we cannot transfer into undesignated, that it has to flow through or be utilized for expenditures thought the year. It is in the capital lease budget is in the capital budget.

Mr. Needleman stated that he passed on his company's budget numbers for a printer and he did some research for Mr. Budrow and gave him some numbers lower than was originally proposed to him. Mr. Needleman stated that if the printer were re-represented with the lower numbers and a list of the reasons for the new technology to the Board of Finance that it may happen this year. Mr. Needleman also stated this piece of equipment is not only a printer, but a scanner and that the sanitarian could work remotely for the town better by scanning documents to them when they are submitted.

Mr. Miller stated that we have been using Brad Cheney as our sanitarian. We anticipate when the building season is upon us there will be an increase of activity in this department. Lisa Fasulo, who is our help director, suggested that she could make a request to have their RS for two days a week. The Connecticut River Area Health District has a member fee of \$12 per capita, Chatham is \$8.10 per capita.

Our 6,800 people time \$8.10 would be approximately \$55,000 and had a sanitarian at 2/5 of the time on a regular basis it would be about \$22,000. Lisa Fasulo is making that inquiry with no commitment necessary, then we would have an RS here 2 days a week for \$22,000 and we'd have emergency coverage, which we have now, but it would be a lot closer. The Director of Health and the RS happen to live here in town. Mr. Miller stated that may be forthcoming.

Mr. Miller stated he would like to ask Mr. Brad Cheney to do certain work for the town in the future, especially on controversial projects.

Mr. John Ackerman asked why general government has gone up 50% why over the last 5 years.

Mr. Needleman stated that years ago the budget was refined and broken down into sections like for example every department had and technology (IT) line and now they have combined IT into one line item under general government. Basically the chart of accounts have been consolidated and moved around.

Mr. Ackerman stated that he has done some analysis and he was looking over the annual report and he felt that some detail was missing from the report, in particular miscellaneous and equipment maintenance and contingency fund information, capital and non-recurring expenses, employee benefit plan, grants and special appropriations, and technology.

Mr. Needleman stated that we have become much more sophisticated in how we handled grant money. We have moved things around and consolidated things. Years ago, this was done differently. There is no short answer at this moment. Now what they are doing is posting it to the expenses. Mr. Needleman stated that it is showing up in both revenue and expenditures. Mr. Ackerman stated that it got confusing in 2005 and 2006. Mr. Needleman stated there were some huge grants came in around that time.

Mr. Miller stated that the mill rate has been going up under 4%.

Mr. Marzi stated that in 2004 and 2005 we were around the \$2 million mark and he agreed with Mr. Needleman. Mr. Marzi stated that around that time legal expenses was taken out of each budget line item budget and consolidated onto one legal page. Mr. Marzi stated that looking over his notes he shows approximately a \$600,000 - \$700,000 increase in 2004 - 2005.

Mr. Ackerman stated that in the 2004-2005 the General Government Annual Report numbers were high. Mr. Marzi stated that we should check those numbers because he had a different number than Mr. Ackerman was stating.

Mr. Needleman stated that due to the grant issue, we probably went with the advice of our accountants during an audit, that we sharpen our reporting, for example, park & recreation revenue vs. park & recreation expenses do go up. But the offsetting revenue also goes up.

Mr. Ackerman asked if we could get more clarity in the annual report, he felt the clarity was no longer there anymore and he didn't see the chart of accounts in the annual report. Mr. Ackerman asked if we could make it a more detailed report. Mr. Marzi stated that he believed the Board of Finance's is required to publish the report.

Mr. Needleman reported that he would like to add back in the request from the Town Clerk's office.

Mr. Dixon wanted to address the issues is dealing with GASBE and financial reporting. He stated that he agrees it is extremely confusing reading these reports. But we are ahead of the game with minimal increases over the years. We are talking minor increases. Our biggest problem now is that the revenue is down.

Mr. Ackerman stated he disagreed. He stated that the total property taxes have gone up significantly. In 1997 - 1998 they were \$8,313,000 and now they are roughly \$20 million. Mr. Ackerman also stated that the mill rate was 14% then. Mr. Dixon asked what the grand list was in 1997 - 98 because that would have an impact. Mr. Dixon stated that would have an impact on the mill rate.

Mr. Ackerman stated that when you are looking at revenues the about of dollars spent is going up. Mr. Dixon stated that the percentage of increase per year is minimal.

Mr. Dixon stated that 75-80%+ of the town budget is for education and we don't have any control over that. The education and school costs are voted on by the residents. Also, the three towns went under significant projects for the schools. Mr. Needleman stated that the cost of running a town has increased. We have tried to keep it at a modest 3 - 4%.

Mr. Ackerman stated that he is talking about gross expenses on line items that have increased. He is talking about the general budget. Mr. Needleman stated that when you add services to the town you have increases in costs. Also salaries have gone up 1, 2 or 3%, we have been judicious. Last year all increases were removed by the Board of Selectmen but the Board of Finance voted them back in the about of \$15,000 a year to offset the increase in the medical costs. Mr. Needleman stated that we run this town in a very conservative way.

Mr. Dixon stated that you also have the additional cost of the bond, which is rolled into the Selectmen's Budget.

Mr. Ackerman inquired about the funding of the libraries. Mr. Miller stated that we made a commitment to fund 70% of the Ivoryton and 50% of the Essex library. There was also renovation of the library. Mr. Needleman stated these increases were voted on at town meetings which made significant changes and the building of the new library was a significant cost.

Mr. Needleman stated that we have a great library and we feel like we get a real good bargain. Although having two libraries is costly, but we could never change having two libraries, nor would the residents want that. If it went to town vote to keep one library, you'd get a lot of people out to keep both libraries. Mr. Ackerman stated he likes the libraries.

Mr. Marzi had a few questions regarding some increases that he did not have in his packet. The first item is the technology budget. Mrs. Sterner stated that reflected the technology increase of \$13,000 for the printer, plotter, and scanner for the zoning and building department.

The secondly item is the resident trooper amount went up. Mr. Dixon stated we received the actual number within the last 24 hours.

The third item was the highway department. Mrs. Sterner stated that the public works amount changed due to the request from the public works director to return his crew from 4 person to a 5 person crew. When Pat Gorman left the town we have been using temporary employees fill the vacancy.

The library budget page had no changes.

On the Capital and Sinking Funds, under Fire Department Sinking Fund there was discussion as to the request made was for \$150,000, then it was cut to \$75,000, then changed to \$100,000 and now it is \$85,000. Mr. Marzi stated their capital plan was pre-fire truck. Mr. Marzi stated we should make sure their operating budget is sufficient. Mr. Needleman stated the fire dept would opt for operating money in lieu of sinking fund money.

There was a short dinner break here. 6:45 – 7:00 p.m.

Fire Department

Mr. Needleman inquired if we could possibly get a 10 year plan from the fire department because we want to make sure the operating budget provides for public safety.

The Selectmen inquired if the fire department could work with this number that the selectmen are presenting.

The fire depart stated they would make this figure work.

Mr. Needleman stated that he hopes this budget passes with the proposed numbers tonight and then the Board of Finance. Many say they don't want any increase.

There are certain costs that you cannot control.

Mr. Fazzino stated that the budget is up to the people of this town. A lot of towns that bond have higher mill rates.

Mr. Dixon stated that he felt operating budget is o.k., we have a good budget. Other towns are 5% or 6%.

Mr. Needleman asked if the fire department is comfortable with the numbers being presented to them tonight.

Mr. Fazzino stated that it is not going to be good this year, or next year. They need to help the people and provide 24/7 service and they need to work with the Board of Selectmen and they will do the best they can.

Mr. Fazzino stated that they have purchased multiple pieces of used equipment. They are taking chances when they use used pieces of equipment. But the equipment is in good working condition, but to always remember that lives are on the line and they are used pieces of equipment.

Mr. Fazzino stated that they are trying to co-operate the best they can and the operating budget is the most important thing.

Mr. Dixon inquired about the old truck that the fire department had. The fire dept said they gave it away to the Town of East Haddam.

Capital and Sinking Funds

Mr. Dixon stated they are eliminating the sinking fund for the cruisers since the ones we have now are not being fully utilized.

The Capital Equipment Lease will be spread over 5 years instead of 3.

Mr. Dixon stated that if we take the sinking fund from the lagoon and landfill, we are able to move that into the general fund, and next year we can move that into undesignated. Mr. Dixon stated that he would need the approval from the Board of Selectmen to recommend that to the Board of Finance. Then it must go to a Town Meeting.

Mr. Dixon stated that we want to make sure that everyone is in agreement with this.
Mr. Needleman stated to put this item on the next Board of Selectmen's agenda.

Motion was made by Norman Needleman to recommend to the Board of Finance a Board of Selectmen's budget for 2011-2012 in the amount of \$6,771.318 at an increase of 4.20%. Philip Miller seconded the motion and it was unanimously approved. Motion carried.

Motion was made by Norman Needleman to adjourn at 7:35 p.m. Philip Miller seconded the motion and it was unanimously approved. Motion carried.

Respectfully submitted,
Maria Lucarelli