

**Beacon Falls Board of Finance
10 Maple Ave.
Beacon Falls, CT 06403**



**BEACON FALLS BOARD OF FINANCE
Joint Budget Workshop with the
BOARD OF SELECTMEN
April 3, 2013 MINUTES
(Draft Copy-Subject to Revision)**

1. Call to Order/Pledge of Allegiance

Chairman Jim Huk called the meeting to order at 7:04

Members present: Joe Dowdell, Jack Levine, Robert Doiron, Brian Ploss, Marc Bronn

Board of Selectmen present: First Selectman Gerard Smith, Dave D'Amico, Chris Bielik

Others present: Sue Dowdell, Lauren Classey, Ray Jurzynski, Ed Groth, Manny Gomes and approximately 8 other members of the public

2. Review and discussion of capital project requests

Chairman J. Huk explained the order of the meeting: go over details of capital project requests, department requests, overruns, vote and then schedule a public hearing.

It was noted that there some changes to the proposed budget handout from the March 27, 2013 budget workshop: addition of PD radios for \$43,328 and the reduction of the library phone line by \$200.

First Selectman Gerard Smith explained the request under capital projects of \$26,628 for the Docstar Document Management System as a service to scan in and digitize approximately 300,000 hard copy paper documents in the town clerk's office. The office is required to hold the documents but has run out of physical space to house them.

Public works requests for truck, sander, plow, tractor motor refurbishment and replacement:

J. Huk asked if the grapple attachment was a necessity or nice to have.

D. D'Amico responded that the grapple attachment would be a labor saver and that trucks #6 & #4 need to be refurbished or else replace the truck bodies in a few years at a higher cost.

M. Bronn asked how many big trucks the town has: 5 per D. D'Amico.

J. Levine suggested raising any concerns or questions on the capital project requests, for discussion then vote on each request.

A request was added under capital projects for PD radios at \$43,328. J. Levine reminded the group that the option of splitting this cost over 2 years and getting the latest models was discussed at the March 27, 2013 workshop. M. Bronn commented that this is an unfunded state mandate. It was not known if the price per unit would change if only half the radios were purchased in this budget.

Motion to approve capital project requests as presented in the proposed 2013-2014 budget with the exception of the PD radios: **Doiron/Levine**; all aye.

G. Smith received further information on the PD radio cost per unit; it would remain the same for all units if the cost was split in half or if all the radios were purchased at once.

Motion to approve \$22,000 for PD radios under a capital project request: **Bronn/Levine**; all aye.

3. Review and discussion of department requests

G. Smith explained that this budget proposal contains a wage increase of 4.5% for all elected officials.

J. Huk commented that, with the exclusion of the First Selectman, there was a request for an overall wage increase of 3.6% in 2012, 1.8% in 2013. He felt the town employees shouldn't get a raise more than COLA unless the work or job title has changed.

C. Bielik questioned the across the board raises for elected officials even if the two registrars aren't up for election.

J. Levine raised the question if it was legal to change an elected official's salary during their term in office. Any increase cannot be effective until after the elections, so the registrars would then have to wait for a wage increase until the next term.

J. Huk agreed that the wage should not be raised in the middle of their terms.

J. Levine suggested leaving the registrars salary as it is unless they come to the town hearing and explain the requested increase.

M. Bronn agreed to leave line item 10-29 1010 wages for the registrars at \$24,000.

Proposal to raise the First Selectman's wages to \$54,207 in 2013-2014 budget effective post-election thru June 2014 plus approximately \$20,000 in benefits.

J. Huk shared a spreadsheet showing the First Selectman's salaries of surrounding towns calculated by value per citizen or by revenue of town. He thinks qualified people won't be attracted to this position if the salary is low. He stated that he felt the salary should be increased, but not by this much.

J. Levine gave kudos on the analysis that J. Huk provided. J. Levine commented that the consensus of the Board of Finance is to raise the First Selectman's salary but to phase it in over several years. The actual increase in the proposed 2013-2014 budget is \$19,971 plus pro-rated benefits. J. Levine noted that the Beacon Falls First Selectman is the police chief, serves as the director of public works, and does a lot more than part-time work.

J. Levine noted that a previous Board of Finance added \$50,000 all at once in a budget for a finance manager. Now the town has a finance manager, but he is only part-time, 2 days/week. The First Selectman is expected to put in a lot of hours. J. Levine supports the increase and would respectfully request that it be brought to a town hearing.

J. Huk noted that the First Selectman's salary increase was not a high ticket item, but was an emotional issue. He commented that the town would not attract a good financial person at the present \$34,000 annual salary. J. Huk suggested raising the First Selectman's salary to \$62,000 per year.

R. Doiron commented that there will never be a good time to raise the First Selectman's salary and suggested \$60,000/year. The increase is effective for 7.5 months of the fiscal year.

C. Bielik disagreed on J. Levine's comment, stating the increase is for full year, and not phased in; it would take a smaller percentage of increase to phase it in. C. Bielik expressed his appreciation for the work that J. Huk did on this spreadsheet. C. Bielik suggested merging the salary data and pro-rate it for the post-election budget.

J. Levine clarified his comment that he meant pro-rated not phased in. According to the spreadsheet, the annual salary of \$62,400 for a town with a population of 6,000 breaks down to \$10.40 per citizen.

C. Bielik noted his preference to average the numbers on the spreadsheet (\$52,730; \$50,687 and \$62,384) and not pick the highest number.

M. Bronn commented that he views Beacon Falls as a \$20 million company, the First Selectman job requires meetings and other responsibilities and that in the private sector this position would have at least a \$70,000 annual salary.

C. Bielik noted that when you work in the public sector, it's not to make money; it's to do public service. He stated that he was uncomfortable with the compensation process, and that it should have been done earlier in the budget process and that the numbers aren't viable enough to bring to the public.

J. Dowdell commented that he originally did this research on his own, not to say the First Selectman should get a raise, he wanted to see if the Beacon Falls First Selectman was paid enough. Based on CCM information, J. Dowdell suggested an increase of the First Selectman's salary to \$56,000 the first year, then yearly increments of \$3,000 over the next 3 years rising to a maximum of \$65,000 at the end of 4 years.

J. Huk questioned the value of the benefits package for the First Selectman. M. Gomes explained that it is worth about \$20,000 but changes yearly and is a fixed estimate, not tied to amount of salary.

G. Smith noted that the First Selectman position of part-time versus fulltime is governed by state statues and town ordinances. It is labeled part-time based on duties, the position is for 2 years, acts as CEO of the town, and executes documents for town. He added that there are a limited number of qualified people who can afford to be in this position.

J. Levine noted the salary of elected officials can't change during an existing term. This increase would not go into effect until after the November election. Any increase cannot be phased in because the Board of Finance is not dealing with a multiyear budget. Any salary increase would need to be addressed in another budget in 2 years.

R. Doiron questioned how to affect a future budget and if the salary is contractual like a lease agreement; the town would be legally committed to that amount.

J. Levine reiterated that by state law the salary of an elected official, while they are in office, cannot be increased or decreased.

Motion that the First Selectman's salary should be raised: **Huk/Bronn**; all aye.

Discussion – no further discussion

Motion to accept the proposal approved by the Board of Selectman to increase the First Selectman's salary to \$68,472 annually, which is pro-rated in the 2013-2014 budget as \$54,207 (July – mid-November 2013 at the current rate of \$34,236 and then the increased rate effective from mid-November 2013 to June 2014): **Levine/Doiron**;

Vote: aye - Bronn, Levine, Ploss, Dowdell, Doiron; opposed – Huk

Discussion:

R. Doiron questioned if the salary is enough to make it attractive to applicants and that there is no guarantee the salary will stay the same in 2 years when the First Selectman term expires.

C. Bielik clarified that the \$54,207 First Selectman salary is for the 2013-2014 budget and the 2014-2015 budget line item would then be the full amount of \$68,400.

J. Levine noted that regardless of who is the First Selectman, he is looking for a reasonable salary for the position and accepts the recommendation made by two of the selectman.

R. Doiron asked what guarantee that the First Selectman's salary line item will stay at \$68,400.

J. Levine stated that if the town approves the First Selectman's salary increase, state law dictates that the elected official must be funded that way, it cannot be changed up or down while they are in office.

R. Doiron commented that there needs to be a document stating what the First Selectman's salary is or to note that the line item in budget is prorated.

J. Levine noted that the Board of Finance must abide by contracts for union wages and only non-union and non-elected positions can be changed.

G. Smith commented that the meeting minutes should be the document backing up the agreement of the salary.

M. Bronn questioned budget line item 10-03 1040 increase of custodian wages: M. Gomes explained that this line item was under budgeted in the past. The custodian is working the same number of hours, 30 hours/week, at his set wage. This is not a raise but funding for the actual hours worked.

J. Levine questioned budget line item 10-13 1245 why medical insurance went down: M. Gomes explained this was the net after the employee contribution, based on estimates from the insurance company and adding a cushion for any census changes.

Motion to fund a benefits package in the First Selectman's salary, at the approximate cost of \$20,000: **Huk/Levine;**

Discussion:

J. Dowdell questioned if the Board of Finance has the power to give the First Selectman position benefit.

J. Levine commented that the Board of Finance has the power to bring the salary proposal to the public.

Vote: aye - Bronn, Levine, Ploss, Dowdell, Doiron; opposed – Huk

Motion to request the First Selectman contact the town attorney to confirm that the Board of Finance has authority to give the First Selectman position benefits: **Levine/Huk;** all aye.

Budget line item 10-11 1020 Building inspector wages increase: M. Gomes explained that the building inspector is new to this position and new state mandates have increased the hours he must work.

Motion to increase budget line item 10-19 1380 for Board of Finance audit from \$19,000 to \$32,000: **Levine/Bronn;**

Discussion:

J. Levine explained that this increase would give the Board of Finance the flexibility to consider all bids for an auditor when the RFP goes out for bid.

Vote: all aye

B. Ploss agreed with the Economic Development Commission's marketing line item 10-21 1295 requested increase of \$9,000.

G. Smith explained the increase in the Inland Wetlands Commission budget of \$10,700 is due to changes in regulations requiring revisions.

Motion to leave wages for Registrars of Voters, line item 10-29 1010, as originally budgeted as \$24,000: Bronn/Dowdell; all aye

M. Bronn questioned the Conservation Commission's request for \$25,000 in line item 10-24 new for Land Acquisition Fund.

G. Smith noted that safeguards need to be in place so that funds don't get touched and remain for land acquisition.

J. Levine suggested setting up a trust fund so a future Board of Finance cannot use that money.

M. Gomes commented that other towns have guidelines on how the Land Acquisition Fund is used.

J. Levine supported the \$25,000 request for the Land Acquisition Fund as long as the money can't be touched by a future Board of Finance.

G. Smith will check the ordinance for the use of the land acquisition fund.

Motion to remove \$7,000 from budget line item 10-44 1435 Emergency Services building maintenance for the fire house meeting room floor replacement: Ploss/Doiron; all aye.

Motion to add \$5,000 to the capital projects for the fire house meeting room floor replacement: Huk/Doiron; all aye.

J. Levine asked the First Selectman to request that all department heads attend the public hearing and be available to answer any questions.

Budget items 10-85 and 10-87: Debt service interest and principal:

Discussion:

J. Levine requested an explanation of the numbers in the budget proposal.

M. Gomez stated that all the line items will become one; he doesn't have exact principal and interest numbers that will be refinanced.

Line 10-87 2013 shows a negative \$150,000

J. Levine noted that the line items must be correct before it goes before a public hearing.

J. Huk asked what the bond being refinanced is paying for.

M. Gomes explained that this will refinance the original note for the Depot Street bridge, Blackberry Hill road work and pump station improvement. These have been rolled over for 7 years (starting in 2006); now the \$1.4 million debt must be paid or permanently financed.

J. Huk noted that this debt service listed in the budget proposal does not cover a fire truck.

M. Gomes noted that the purchase of a fire truck can be added to this package.

J. Levine asked how much the budget will go up with financing the fire truck, if the proposed budget of \$279,000 will cover these items.

M. Gomes estimated a savings of \$300,000 in interest over 2 years with refinancing.

J. Levine understood the debt service reduction by \$150,000, but doesn't want to see a huge rise in the near future. He had concerns that the interest budgeted will be too little.

J. Huk commented that the Board of Finance can't vote on a budget with incomplete information. He added that estimates for \$1.6 million for the wastewater treatment plant will be coming due and he doesn't see these upcoming expenses showing up in this budget.

J. Levine requested a better understanding of the interest and principal numbers and their impact for the next budget. He suggested spreading out the savings rather than taking it all in the first two years

M. Gomes commented that he needs to know how the Board of Finance wants to structure the debt service.

J. Levine preferred not to use any of the \$150,000 savings in the first year to help cover the principal and interest payments in early part of the loan.

J. Huk acknowledged that M. Gomes will need to know the variables on the debt service schedules to calculate accurate numbers. The debt service principal payments will fall in the 2014-2015 budget.

J. Levine suggested taking part of the savings in the first year, but less than the original \$150,000 planned.

M. Bronn noted that is isn't like a simple mortgage, you can dictate your amortization.

J. Levine requested M. Gomes provide numbers for multiple scenarios of the debt service structures, giving the Board of Finance a better understanding of the projections.

Motion to add \$700,000 for a pump/ladder fire truck into the debt service to get estimated numbers: Levine/Huk; all aye.

Discussion:

J. Huk asked the status of the current fire truck, if it is at the end of its life, or just has deteriorating pipes.

J. Levine suggested inviting the fire department head back to the meeting when the Board of Finance votes on the fire truck, to be available for any questions.

J. Levine suggested inviting the banker to the next Board of Finance meeting to get accurate figures on the debt service and answer any questions.

The Board of Finance requested M. Gomes attain numbers for debt service with \$700,000 added for a fire truck, and added \$300,000 to replace the fire house roof, and the options for aggressive repayment as well as equally spreading the savings over 15 years and spreading the savings over first 5 years equally.

The amount requested for a fire house roof replacement was only an estimate.

Motion to add \$300,000 for the fire house roof replacement into the debt service to get estimated numbers: Huk/Levine; all aye.

B. Ploss commented that he would like to see real quotes for the fire house roof replacement for the Board of Finance April 9 meeting.

Discussion:

D. D'Amico commented that the building inspector is working with the fire department on an estimate to replace the roof which needs to be stripped first and it uses special materials.

J. Levine suggested setting a date for a special meeting to vote on budget.

C. Bielik suggested having the town budget referendum on May 7, the same day as the Region 16 budget vote.

J. Levine suggested deleting the negative \$150,000 from line item 10-87 2013 of debt service principal and adding it to the debt service, expecting that the new interest rate won't be higher than that. This would bring the projected total of debt service to \$429,162.

J. Huk stated that the budget presented has too many variables to vote on this proposal.

Motion to vote on proposed 2013-2014 budget at this workshop: Huk/Bronn; all nay.

Motion to have Finance Manager M. Gomes email updated budget proposal spreadsheet to the Board of Finance members at least one day before the April 9 meeting: Ploss/Levine; all aye.

4. **Review and discussion of overruns**
5. **Vote** – tabled
6. **Schedule Public Hearing** – tabled
7. **Adjournment**

The next Board of Finance regular monthly meeting will be held on Tuesday, April 9, 2013 at 7:30 p.m.

Motion to adjourn the joint Board of Finance/Board of Selectmen budget workshop at 10:04 PM: Huk/Bronn; all aye.

Motion to adjourn the joint Board of Finance/Board of Selectmen budget workshop at 10:04 PM: Bielik/D'Amico; all aye.

Respectfully submitted,

Martha Melville
Clerk for the Board of Finance