

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 23, 2013 MINUTES
(Draft Copy-Subject to Revision)

1. Call to Order/Pledge of Allegiance

Chairman Jim Huk called the meeting to order at 7:03

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

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

Others present: Mike Krenesky, Manny Gomes and approximately 12 members of the public

Chairman Jim Huk prefaced the workshop by describing the approach to handle this years' budget: looking at the First Selectman's proposed budget with suggested cuts by the Board of Finance using last year's budget actual as a baseline.

2. First Selectman's budget proposal

The 2013-2014 operating budget presented to the Board of Finance was an approved budget by the Board of Selectmen with the exception of the increase to the First Selectman's salary. First Selectman G. Smith removed all increases and provided cuts in all departments without affecting services. This netted an overall 2.2% increase.

G. Smith noted new information on the part-time library position which was previously unanimously approved by the Board of Selectmen after discussing it with the union representative and approved as a non-union position. Currently the union is upset that it was negotiated outside of the union, now they want to make it a union position for 20 hours/week plus benefits.

3. Board of Finance proposals

With the First Selectman's permission, J. Levine contacted Barry Bernabe of Webster Bank, for the debt service schedule for a proposed \$850,000 bond issue over 15 years. The town would pay \$178,000 in interest at the current rate over the course of the bond.

J. Levine recommended a method to equalize an increase to the town budget when refinancing the existing debt and keeping it relatively stable over the 15 year term of the

bond, would be to use \$110,000 of the \$300,000 savings towards a \$175,000 principal payment in the first year.

This proposal does not include a new fire truck or replacement of the fire house roof.

Motion to take Jack Levine's suggestion on the debt service: **Bronn/Huk**; all aye.

J. Levine noted that the department's arguments were convincing citing the need and current regulations regarding a new fire truck and replacing the fire house roof. However, there are still no definite quotes on the roof yet. He recommended that instead of bonding and borrowing money, to use the proceeds of the sale of the cell tower, which was contra to his previous suggestion rather than putting it towards the waste water treatment plant debt.

J. Levine commented that if the Board of Finance agrees and the townspeople agree, to use the proceeds of the sale of the cell tower for the fire department.

J. Huk asked if spreading the bond would be better over 25 years, the life of the truck. J. Levine answered that the interest rate would be higher in that scenario.

M. Gomes commented that if money in the fund balance were used, it would count against the town's bond rating.

J. Levine noted that the town would need to disclose the use of money from the general fund in the bond rating process and that a tax collection rate of 96% will help the fund balance.

C. Bielik noted that all expenditures would come out in July, leaving a 4.2-4.5% in the fund balance, and raters usually look for a 5% minimum balance in the general fund for bond rating.

M. Gomes noted that Beacon Falls has no long term debt, only outstanding short-term USDA and RDA loans. Bond rating is only done when bonds are applied for, no rating done for bands.

J. Huk asked if the bond raters would consider the upcoming major expenses in the next few years.

R. Doiron asked if bonding was done for future road and waste water treatment projects, would it be better to keep the fund balance higher to get a better rating and save money by having a better bond rating.

M. Gomes noted that a town's higher bond rating would yield a better bond rate.

C. Bielik noted that there are other variables to consider and asked M. Gomes if he had seen other towns going for a bond rating with fund balance of 5% or less.

M. Gomes commented that bond raters are looking for a fund balance of 10-15%.

M. Bronn noted that the start up money for the upcoming \$16 million waste water treatment plant project needed for next budget cycle is there for the 2014-2015 budget. He suggested holding off on the fire truck and fire house roof for one year and then bond all together using a potentially optimum bond rating.

G. Smith noted that the state will finance the waste water treatment plant through a 20-year DEEP loan which can only be used for that project; no other projects could be rolled into it.

J. Levine noted that in the last audit report there was \$872,000 in an unassigned fund balance which equals 4.5% plus an approximate anticipated surplus of \$100,000 in the current budget. He also noted the five areas in the audit report showing examples of amount of debt considered for bond rating.

J. Levine suggested requesting a pre-bond rating meeting to present different scenarios and how each would affect the town's bond rating.

J. Huk asked if some of the fund balance could be applied to the bonding for the fire house roof and fire truck.

C. Bielik noted that town was slammed by auditors for a declining fund balance, and reiterated that 5% is the bare minimum to have; a higher balance would make the town look more solvent.

J. Levine suggested if the town bond the full amount for the fire truck and fire house roof, without using any of the cell tower sale proceeds, then perhaps the town can get a better bond rating, then in year 1 pay off that debt service to save on interest accrued.

M. Gomes provided tax collection data of the past 6 years; overall 98.5% of 98% of taxes were collected, which doesn't include the collection of back taxes.

M. Gomes noted that if \$300,000 from the sale of the cell tower were used toward a bond for the fire truck and fire house roof, that amount would be added to revenue side of the budget to balance that appropriated money for the bond to offset the debt service.

J. Huk noted the importance of passing the fire truck in this budget as the current truck is 25 years old, and already at the end of its life.

Motion to use \$300,000 from the sale of cell tower to pay for replacing the fire house roof with the balance going towards the purchase of a fire truck and bonding the balance with details to be provided by M. Gomes: **Doiron/Dowdell;**

Vote:

Aye: Huk, Doiron, Ploss, Dowdell, Bronn

Nay: Levine

Motion to change the calculations for the budget be based on a tax collection rate of 97%: **Huk/Doiron;**

Discussion:

J. Huk noted that a tax collection rate of 96% was used historically, however the current collection rate is higher and he would rather use a more realistic rate of 97%.

Vote:

Aye: Huk, Bronn

Nay: Doiron, Dowdell, Levine, Ploss

Motion not carried, the tax collection rate remains at 96% for budget calculations.

J. Huk based the proposed operating budget on what was actually spent in each line item in the previous year to create a more realistic budget.

J. Levine gave kudos for J. Huk's approach on this budget but also expressed his concern about budget cuts based on this theory without input from the department heads to explain any potential impacts.

First Selectman 10-01

Motion to change budget item 10-01 1010 First Selectman's salary to \$49,000 per year with no benefits to be prorated to \$42,848 in the 2013-2014 budget proposal: **Huk/Doiron;**

Discussion:

J. Levine commented that he originally advocated for a change in the First Selectman's annual salary of \$68,600 plus benefits, which resulted in a public outcry. He expressed his concern to make sure this one line item isn't an issue that will defeat the entire budget. He agreed with an increase but felt this topic was becoming too political.

C. Bielik noted that he was against the initial proposed increase but favored a more moderate increase in the First Selectman's salary.

R. Doiron noted that the bone of contention was the benefits package for the First Selectman's position and agreed with current proposed increase.

Vote: all aye

J. Levine suggested raising the wages for all elected positions. Further information indicated that the registrars would qualify for the raises even though they are in the middle of their elected terms in office.

C. Bielik noted he agrees in principal that to be equal, the wages for all elected officials should be increased if the First Selectman's salary were to be increased.

Motion to increase salaries of all elected officials by 2% except the First Selectman: **Levine/Huk;**

Vote:

Aye: Huk, Levine, Dowdell, Doiron, Ploss

Nay: Bronn

Town Hall 10-03

J. Huk suggested decreasing the town hall office supplies from \$15,000 to \$11,000.

Motion to decrease item 10-03 1090 town hall office supplies from \$15,000 to \$11,000:
Huk/Bronn; all aye.

Tax Collector 10-07

Motion to decrease item 10-07 1080 tax collector office supplies from \$4,000 to \$3,000:
Doiron;

Motion tabled: requested G. Smith confirm an accurate number.

Building Inspector 10-11

Building inspector salary was increased based on additional hours required by state mandated inspections. R. Doiron suggested that building inspection fees should increase which would theoretically increase revenue.

J. Levine agreed with the First Selectman's proposal for item 10-11 1020 Building inspector's wages and that if the number wasn't accurate to take from contingency to cover any overage.

Motion to decrease item 10-11 1020 building inspector's salary from \$39,112 to \$35,000:
Doiron/Huk;

Vote:

Aye: Doiron, Huk, Dowdell, Ploss, Bronn

Nay: Levine

R. Doiron suggested the Board of Selectmen relook at the building permit fee structure as more work is now required by the building inspector to cover the cost of labor necessary.

Employee benefits 10-13

J. Levine questioned item 10-13 1245 medical insurance and if any benefits for the First Selectman was included in this figure.

M. Gomes explained that these figures are based on estimates dependent on the census. He requested the Board of Finance support this amount and he will relook at the employee benefits and provide a more accurate number – item tabled.

M. Bronn noted that employee benefits overall would be reduced because of an unfilled position in the public works department.

Board of Finance 10-19

Motion to change item 10-19 1380 audit line back to original amount of \$18,500 or change it to \$20,000; Bronn/Doiron;

Discussion:

B. Ploss suggested changing the line item to \$25,000.

M. Bronn commented that the Board of Finance should not increase an item in their budget while making cuts elsewhere.

J. Huk commented that any increase in budget items should have benefits.

J. Levine commented on the town's dismal management letter, the poor accounting system and supported the need for a top quality audit to check town's finances.

Vote:

Aye: Bronn

Nay: Huk, Doiron, Dowdell, Levine, Ploss

Item 10-19 1380 stands at \$32,000 for audit.

Inland Wetlands Commission 10-23

Motion to decrease item 10-23 1220 Inland Wetlands Commission expenses from \$2,200 to \$1,000: **Huk/Doiron;**

Vote:

Aye: Huk, Doiron, Dowdell, Ploss, Bronn

Nay: Levine

Conservation Commission 10-24

Motion to remove item 10-24 NEW \$25,000 land acquisition fund: **Levine/Huk;** all aye.

Motion to decrease item 10-24 1220 expenses to \$2,500: **Huk/Doiron;**

Discussion:

C. Bielik explained that as a former member of the Conservation Commission, funds are needed for outreach programs.

Vote:

Aye: Huk, Doiron, Ploss, Bronn, Dowdell

Nay: Levine

Insurance 10-37

G. Smith noted that this item was flexible and he may have different figures for the next workshop.

Agency membership 10-39

Motion to remove item 10-39 1425 for CCM membership: Huk/Levine;

Discussion:

J. Huk stated the town needs financial guidance and should be using this service.

Motion rescinded

Miscellaneous Boards and Commissions

Motion to change budget items for Ethics, Blight, Energy Improvement and Municipal Historian from 0 to \$100: Levine/Doiron; all aye.

G. Smith noted that the Land Use ordinance was recently changed to make having a meeting quorum easier to reach. It is expected that this board will start being a more active board and the budget will need to cover the clerking fees.

Emergency Services 10-44

Motion to decrease item 10-44 1121 electricity to \$14,000: Huk/Dowdell; all aye.

Police 10-53

J. Levine questioned the \$50,000 decrease in item 10-53 1041 for part time patrol.

G. Smith explained that the Route 8 state trooper and Bethany barracks would cover and this would limit how many shifts will be filled.

Motion to decrease item 10-53 1041 for part time patrol by \$50,000: Levine/Bronn; all aye.

M. Bronn questioned item 10-53 1505 increase for state mandated training.

G. Smith noted that this increase was justified.

J. Huk requested that G. Smith get more details on item 10-53 1220 departmental supplies to justify their requested increase.

G. Smith suggested keeping all the gas & oil line items in the proposed budget as is.

Animal Control 10-55

Motion to decrease item 10-55 1010 animal control wages to \$7,716: Huk/Doiron; all aye.

Motion to change item 10-55 1550 animal control departmental supplies to \$100:
Huk/Levine; all aye.

R. Doiron noted that when a line item carries a zero balance for 3 years, it will disappear from the budget.

Highway Maintenance 10-59

G. Smith explained that an employee retired and his position will not be filled thus creating a workforce reduction in the public works department. He added that the union was notified that a position was open but he suggested that it not be filled.

Motion to support items 10-59 1010, 1011, and 1012 in the First Selectman's proposed budget: **Levine/Bronn;** all aye.

Motion to keep \$10,000 in capital projects for a plow and decrease item 10-59 1049 highway maintenance overtime by \$5,000 to \$35,000: **Huk/Doiron;** all aye.

Motion to decrease item 10-59 1550 Departmental/highway equipment to \$10,000:
Huk/Doiron;

Vote:

Aye: Huk, Dowdell, Ploss, Bronn

Nay: Doiron, Levine

J. Huk requested further information on the requested increase of item 10-59 1780 sewer maintenance.

B. Ploss questioned item 10-59 1713 tree work, given the tree cutting work being done along the roadways, if this request could be reduced. It was pointed out that Matthies Park and other town space had a lot of trees come down in past storms which need to be taken care of by the public works department.

Town garage 10-61

Motion to decrease item 10-61 1121 electricity to \$4,500: **Huk/Dowdell;** all aye.

Community Welfare 10-63

Discussion:

M. Bronn questioned if the town nurse is necessary and stated that other small towns the size of Beacon Falls don't have a nurse except in schools and does she provide a service that people aren't getting otherwise through their own insurance.

C. Bielik noted that the town nurse serves predominantly seniors, helps them fill out paperwork and that if asked, the town nurse accompanies a senior citizen to doctor appointments as a patient advocate.

Refuse 10-65

Motion to adopt First Selectman's recommendation to reduce the bulky waste transfer from 6 days to 3 days (April, June and October) per year: Levine;

J. Levine withdrew his above motion and suggested leaving item 10-65 1750 at \$30,000 as requested by the department.

Wastewater treatment 10-67

Motion to decrease item 10-67 1121 electricity to \$70,000: **Huk/Doiron;**

Vote:

Aye: Huk, Doiron, Dowdell, Bronn

Nay: Levine, Ploss

J. Levine commented that he was uncomfortable cutting anymore from the wastewater treatment plant without input from the department head.

G. Smith added that any cuts to the wastewater treatment plant would be premature.

Motion to decrease item 10-67 1760 Plant Operations to \$30,000: **Huk/Doiron;**

Vote:

Aye: Huk, Dowdell, Ploss, Bronn

Nay: Levine, Doiron

J. Levine expressed his concern about cutting these budget items without the department head present to explain, however he also feared the townspeople will still consider the budget too high.

J. Huk requested an explanation of item 10-67 1765 Equipment Replacement and questioned if it is something to move to capital projects – topic tabled.

G. Smith will request a written explanation for this budget item.

Library 10-69

Motion to decrease item 10-69 1019 part time wages to zero: **Huk/Levine;** all aye, Dowdell abstained.

G. Smith explained that despite the Board of Selectmen's unanimous vote in good faith to fund a part time non-union position for safety reasons for the library staff, after conferring with the union representative; now the union is mandating that if this part time position is funded, it must become a union position for 20 hours per week with benefits.

Motion to change item 10-69 1170 departmental supplies to \$17,000: Huk/Bronn;

Discussion:

J. Huk noted that the library has been on target with their budget in the past and thus there was no need to decrease the amount this item.

Motion withdrawn.

Motion to change item 10-69 1170 departmental supplies to \$20,000: **Huk/Bronn**; all aye, Dowdell abstained.

Park & Recreation 10-71

Motion to change items 1840 stock fish, 1870 Independence Day celebration, and 1905 summer concert series to \$1.00 each: Levine;
Motion withdrawn

C. Bielik questioned cutting item 1840 stock fish since it has been funded for the past 22 years. He suggested keeping that item as is at \$2,500.

J. Levine requested a revised budget with the above proposed cuts to see how it affects the mil rate.

4. Discussion

5. Vote decision - tabled

6. Adjournment

The Boards of Finance and Selectmen will have a joint budget workshop on Wednesday May 1, 2013 at 7:30 p.m. in the Town Hall Assembly Room.

The next Board of Finance regular monthly meeting will be held on Tuesday, May 14, 2013 at 7:30 p.m.

Motion to adjourn the joint Board of Finance/Board of Selectmen budget workshop at 10:39 PM: **Huk/Levine**; all aye.

Motion to adjourn the joint Board of Finance/Board of Selectmen budget workshop at 10:39 PM: **Bielik/Smith**; all aye.

Respectfully submitted,

Martha Melville
Clerk for the Board of Finance