

**TOWN OF EAST HAMPTON  
EAST HAMPTON CT 06424  
BOARD OF FINANCE**

Budget Workshop Minutes  
Friday, March 09, 2012  
1:00 PM  
Town Hall Meeting Room

**Members Present:** Matthew Walton, Chairman, Tim Csere, Vice Chairman, Patience Anderson, Ted Turner and Mary Ann Dostaler.

**Member(s) Absent:** Dave Monighetti

**Other Attendees:** Interim Town Manager John Weichsel and the following individuals also attended.

Library Director	Susan M. Berescik
Planning, Zoning and Building Administrator	James P. Carey
Senior Center Director	Jo Ann H. Ewing
Facilities Manager	Frank J. Grzyb
Public Works Superintendent	Keith Hayden
Director of Finance	Jeffery M. Jylkka
Director of Parks & Recreation	Ruth Plummer
Director of Youth & Family Services	Wendy Regan
Police Chief	Matthew A. Reimondo
Fire Chief	Paul Owen
Fire Marshal	Rich Klotzbier
Town Clerk	Sandra M. Wieleba
Tax Collector	Nancy Hasselman
Tax Assessor	Carol Ann Tyler
Registrar of Voters	Alannah Coshow

**AGENDA**

**1. Call to Order**

Chairman Walton called this meeting to order at 1:00 PM.

**2. Discuss and deliberate on the 2012 – 2013 proposed budget**

- The Interim Town Manager and Finance Director presented the Town Managers Proposed 2012-2013 budget. (Presentation attached)
- The board members asked questions of the Manager, Finance Director and several department heads.

**3. Recess 3:50 PM to 5:00 PM**

4. Dr. Golden, Superintendent and Board of Education Chairman, Mark Laraia presented the Board of Education budget to the Board of Finance and answered questions.

**5. Adjournment.**

The workshop ended at 6:15.

Submitted by Jeff Jylkka

Town Manager's Proposed Budget

Fiscal Year 2012-2013

Budget Presentation

**John Weichsel**

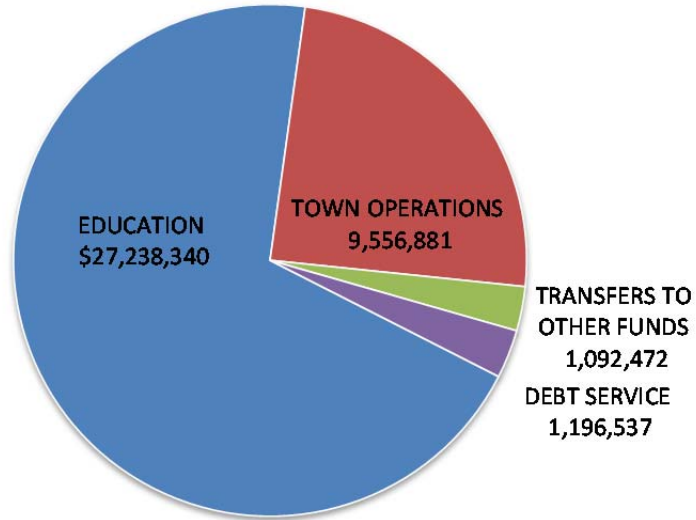
Interim Town Manager

**Jeffery M. Jylkka**

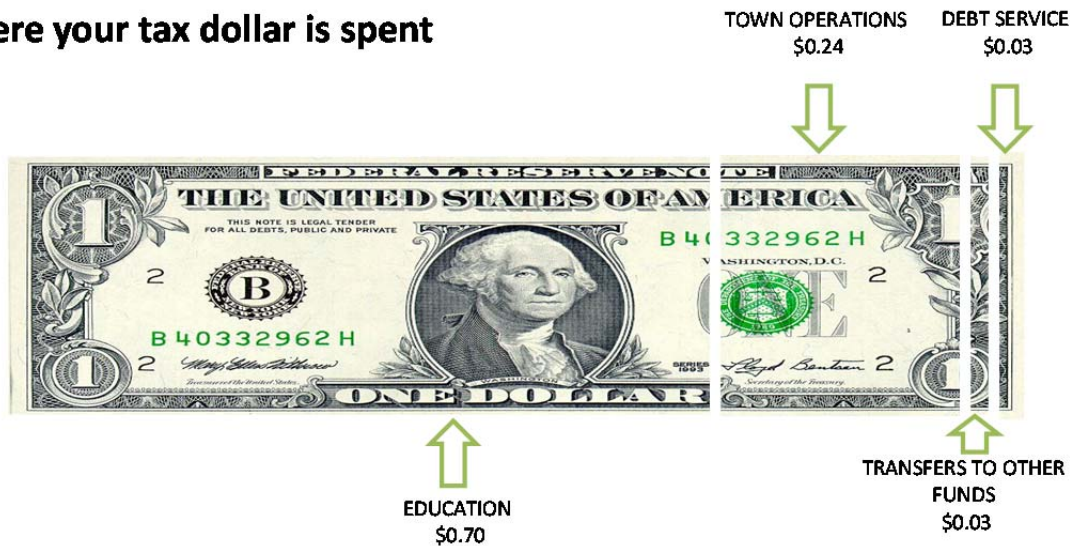
Finance Director

March 9, 2012

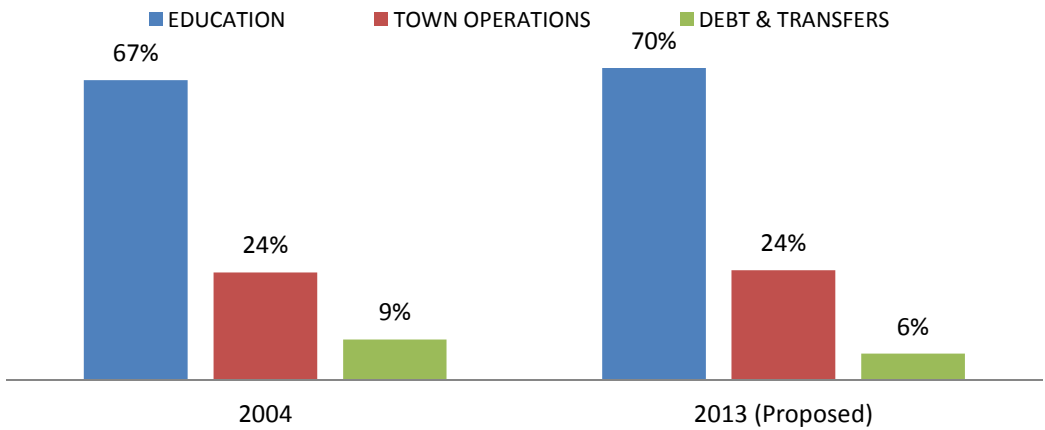
# 2012-2013 Proposed Spending Plan by Major Function Total Budget: \$39,084,230



## Where your tax dollar is spent



### Budget Allocation 2004 vs. 2013

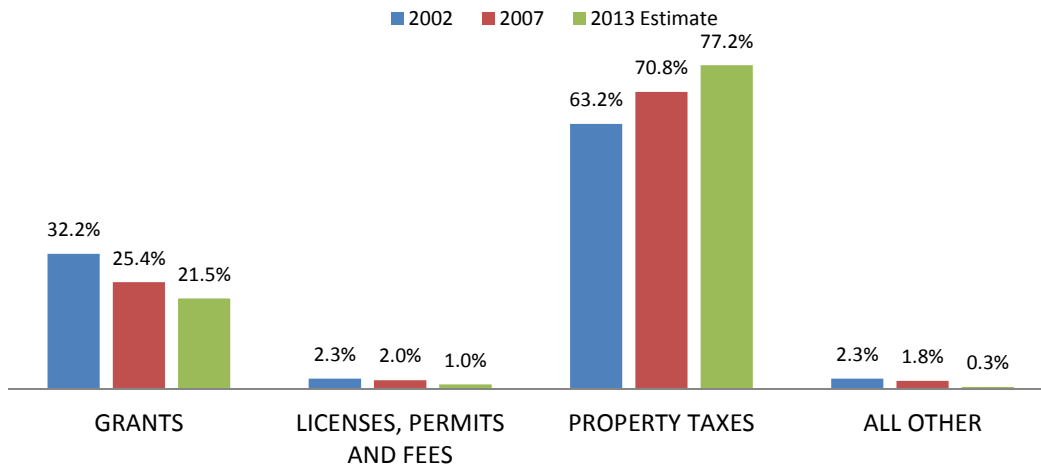


### Revenues

As a result of continued economic climate, we have lowered our estimates in the following revenue categories:

- Licenses, Permits & Fees – \$-20,280 or 5.0%
- Investment Income - \$-15,000 or 25%

### % of Total Revenue

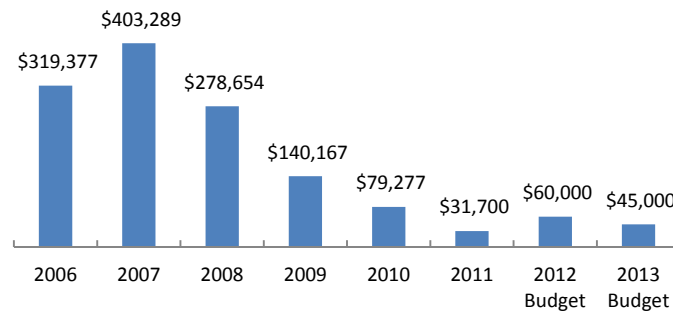


We are forecasting a small increase in funding from the State of Connecticut. Our estimates are based on the Governor’s February 2012 statutory formula grant estimates. Overall grant funding is up \$1,263 or 0.02%.

Investment income continues to remain flat as a result of the low Federal Funds Rate (the interest rate which banks lend their funds deposited at the Federal Reserve to other banks, usually overnight). Our current rate of return is .57%. Due to State statutes and policy the Town is limited to certain types of investments that have low risk. The Finance Department monitors bank rates on a daily basis and transfers idle cash to maximize investment return.

### INVESTMENT INCOME

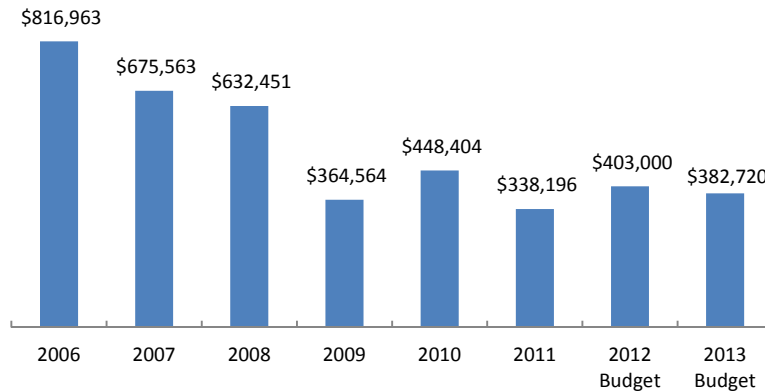
Down **86%** from 2006



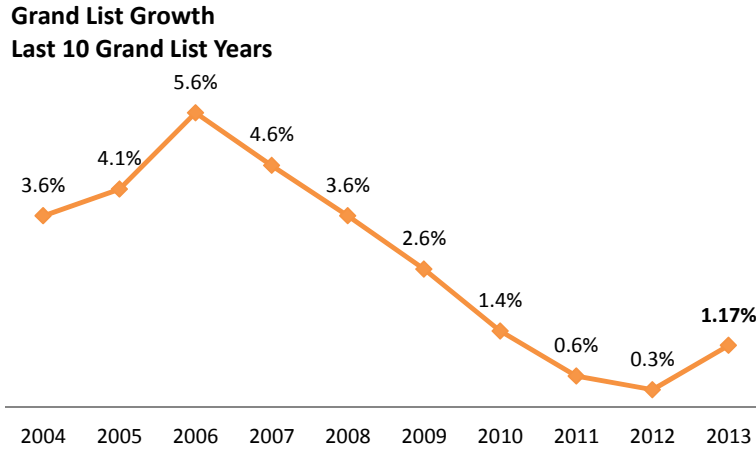
The reduction in licenses, permits and fees are a direct result of slowed growth in the real estate market. This has affected revenues relating to building permits, town clerks fees and conveyance tax.

### LICENSES, PERMITS AND FEES

Down **53%** from 2006

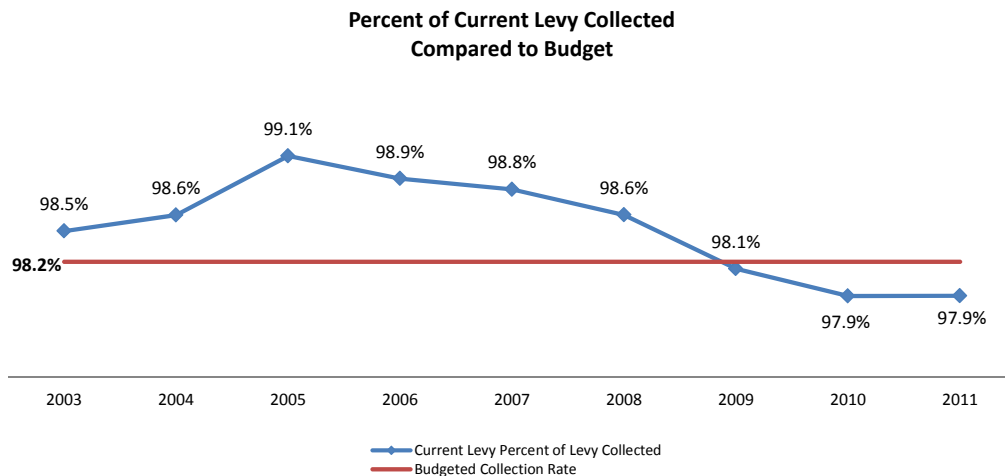


Grand List growth will generate approximately \$300,000 in new tax revenues. This year's 1.17% grand list growth is lagging behind the 10 year average of 2.8% but an increase over last year. A 10 year history of grand list growth is presented below.



### Mill rate

With the proposed spending increases, a \$42,395 increase in non-tax revenue, and a 97.9% collection rate assumption, the 2012-2013 budget requires a 0.96 mill increase or 3.74% over current year. The estimated tax collection rate has been reduced from 98.2% to 97.9%. This reduction is in line with the current trend. A history of tax collections is presented below. Back tax collections continue to be strong and we have increased our estimate by \$55,000 accordingly.



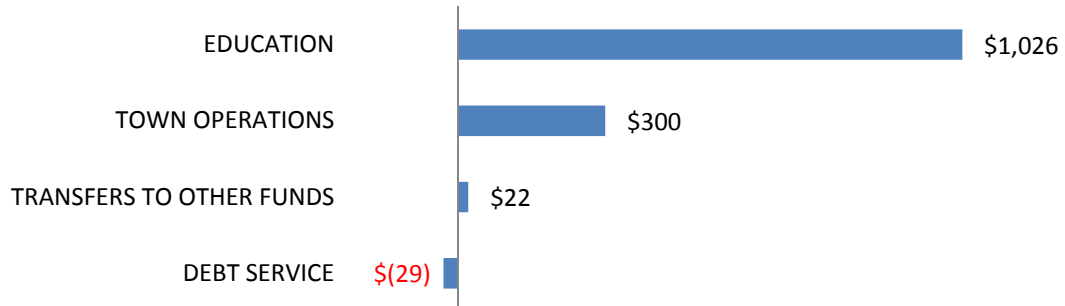
# Expenditures

## Summary of Proposed Spending

	Approved Budget 11-12	Proposed Budget 12-13	% Change	\$ Change
EDUCATION	\$ 26,212,002	\$ 27,238,340	3.92%	\$ 1,026,338
TOWN OPERATIONS	9,256,491	9,556,881	3.25%	300,390
TRANSFERS TO OTHER FUNDS	1,070,500	1,092,472	2.05%	21,972
DEBT SERVICE	1,225,298	1,196,537	-2.35%	(28,761)
<b>TOTAL</b>	<b>\$ 37,764,291</b>	<b>\$ 39,084,230</b>	<b>3.50%</b>	<b>\$ 1,319,939</b>

### 2012-2013 Proposed Budget Allocation of Total Increase

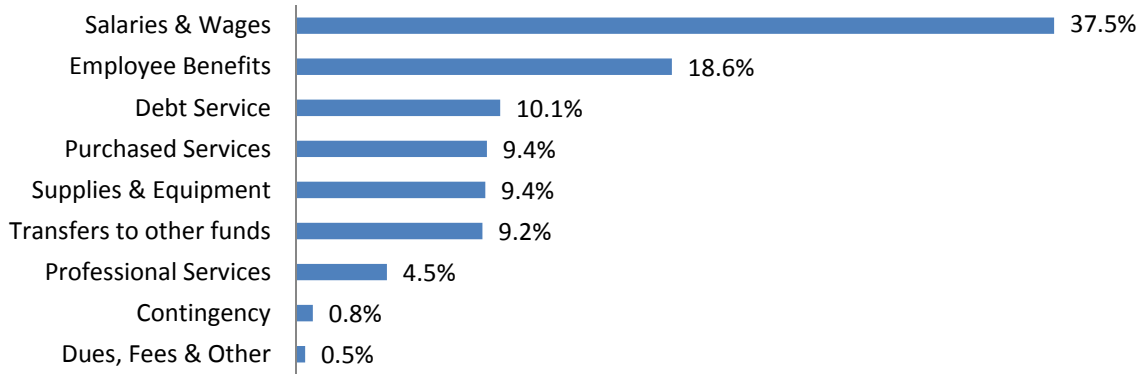
Increase: \$1,319,939 = 3.5%



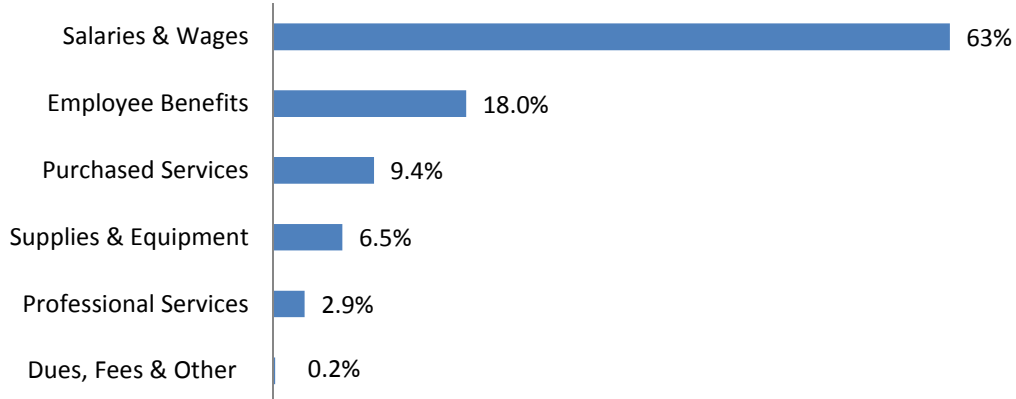
Dollar Change in Thousands by Major Item

# Budget Distribution by Major Object

## Town Operations, Transfers & Debt % of Budget by Major Object Total: \$11,845,890



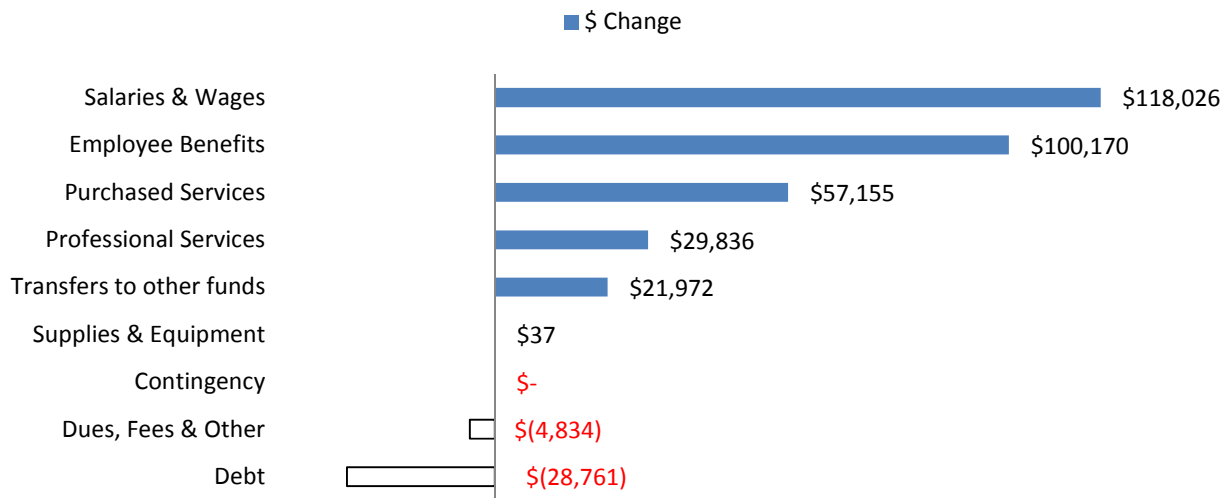
## Board of Education % of Budget by Major Object Total: \$27,238,340





## Proposed Budget Change

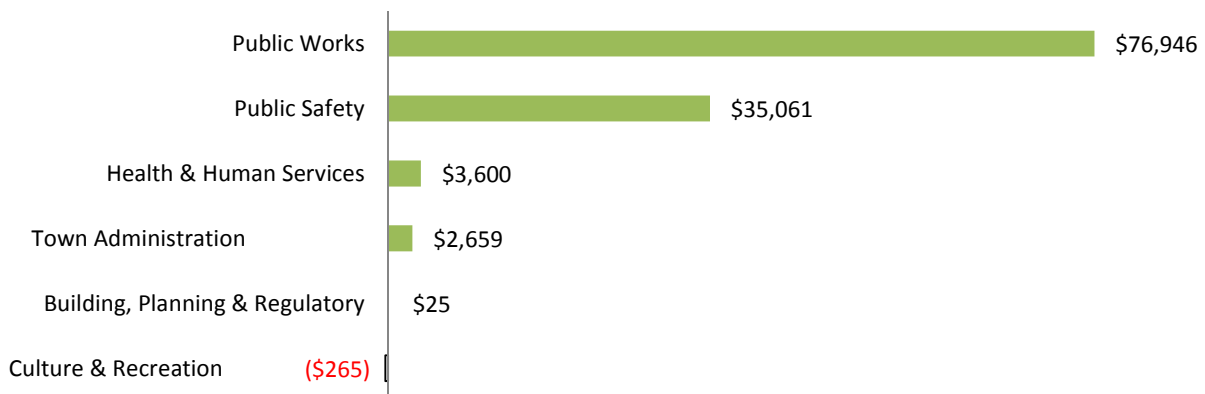
Total Change: \$293,601



### Functional Breakout – Major Contributors to Change

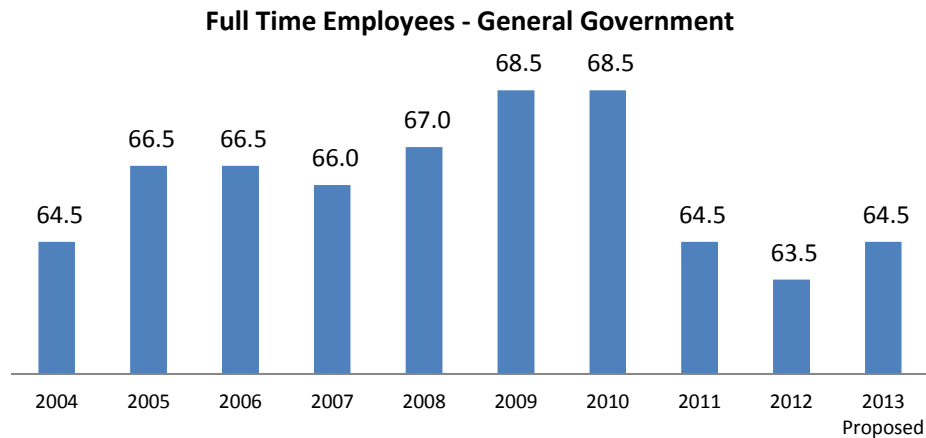
#### Salaries and Wages – \$118,026

#### Salaries & Wages \$ Change



## New Positions

I am requesting one new full time engineering position in the Public Works Department. The cost for the position including benefits is \$109,000. This position will allow the Town to move a substantial portion of our contracted engineering services in-house. I have reduced the contracted engineering services budget from \$60,000 to \$15,000 in anticipation of this position being funded. The net increase to the overall budget will be \$64,000. A historical summary of full time employees is below.



## Wage Increases

The Town's only two union contracts will expire June 30, 2012. Consistent with past practice I have set aside funding in employee benefits to cover any general wage increase that may be negotiated. I anticipate meeting with these groups shortly to begin negotiations.

I am proposing a 2% wage increase for non-union employees. For the year ending June 30, 2012 the non-union employees did not receive a wage increase. Salary increases relating to step changes have been budgeted by the various departments.

## Major Contributors to the Budget Change

### *Public Works - \$76,946*

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- **Proposed new engineer position \$75,000**

### *Public Safety - \$35,061*

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- **Police Patrol \$13,021** – Step increases for four officers.
- **Police Administration \$4,873** – Step increases for two clerical employees.

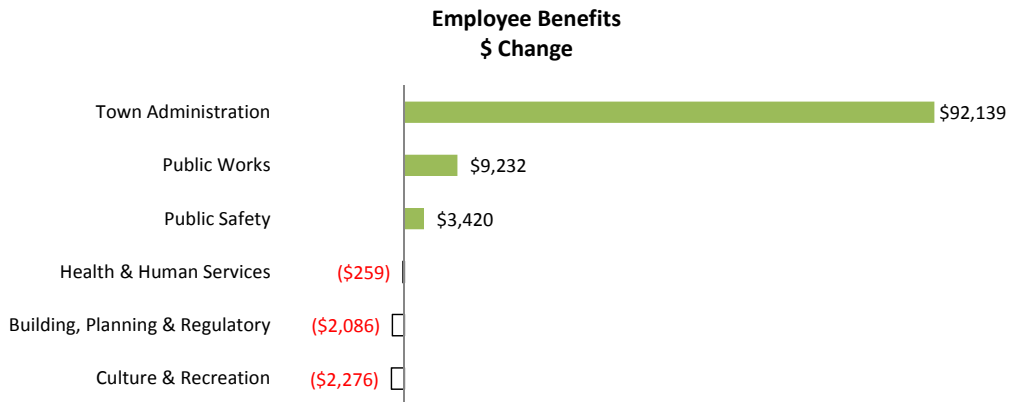
- **Animal Control \$15,000** – Budget accounts needed to be realigned as a result of regionalizing with the Town of East Haddam.

**Health & Human Services - \$3,600**

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- **Part-time salaries (Human Services) \$3,600** - Increase for a part-time program prevention specialist.

**Employee Benefits – \$100,170**



The Town budgets for medical insurance, unemployment compensation, workers compensation and unallocated payroll in the Town Administration’s Employee Benefits budget. Each department will budget for social security, medicare and pension. The pension contribution is a fixed amount and is allocated based on budgeted wages. We have estimated the contribution to be approximately 10.5% of covered payroll. A portion of this cost is budgeted by the Board of Education, WPCA and Joint Facilities.

**Town Administration \$92,139**

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- **Medical Insurance \$12,721.** Enrollment changes and projected premium increases of 10.8% are the primary drivers for the increase. The proposed engineer position also contributed to the increase. The year over year budget increase would be significantly higher had this year’s budget been reduced to reflect estimated actuals.
- **Workers Compensation \$4,250.** Amount represents an estimated premium increase of 10%.
- **Unallocated Payroll \$80,000.** Account is for wage increases for non-union, Police and Public Works union wage increases. Both union contracts expire June 30, 2012.

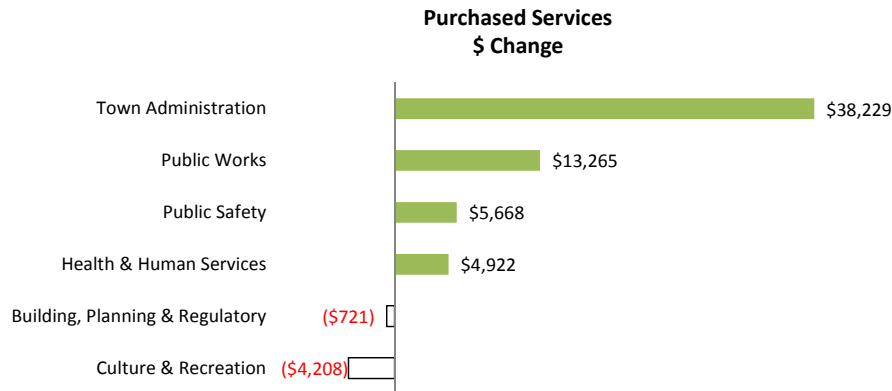
**Public Works \$9,232**

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- **Pension \$7,875** – Proposed Engineer position.
- **Social security & Medicare \$5,738** - Proposed Engineer position.

**All Other Departments \$ -1,201** – Overall decrease due to reduction in pension contribution.

**Purchased Services - \$57,155**



**Town Administration \$38,229**

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- **Finance \$6,200** – Increase driven by a proposal for outside disaster recovery services for the accounting, payroll and human resources system.
- **Tax Collector \$5,050** – Increase due to the department contracting for the printing and mailing of tax bills.
- **General Insurance \$18,000** – Increase solely due to an estimated 15% premium increase.

**Public Works \$13,265**

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- **Public Works Administration \$8,700** – Increase in grounds maintenance of \$5,000 for additional tree cutting. Vehicle maintenance was also increased by \$3,500 to bring in line with historical and estimated actuals.
- **Town Garage \$3,775** – Increase driven by new testing required for fuel tanks as well as vehicle lift certification and furnace maintenance.

**Public Safety \$5,668**

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- **Firefighting \$6,473** – New expense line item of \$2,000 for mileage reimbursement for volunteers who attend training. New expense line item for water testing at Company 1 and 2 (\$1,508). Increase in the vehicle maintenance account of \$1,580 to bring the budget in line with actuals.

**Health & Human Services \$4,922**

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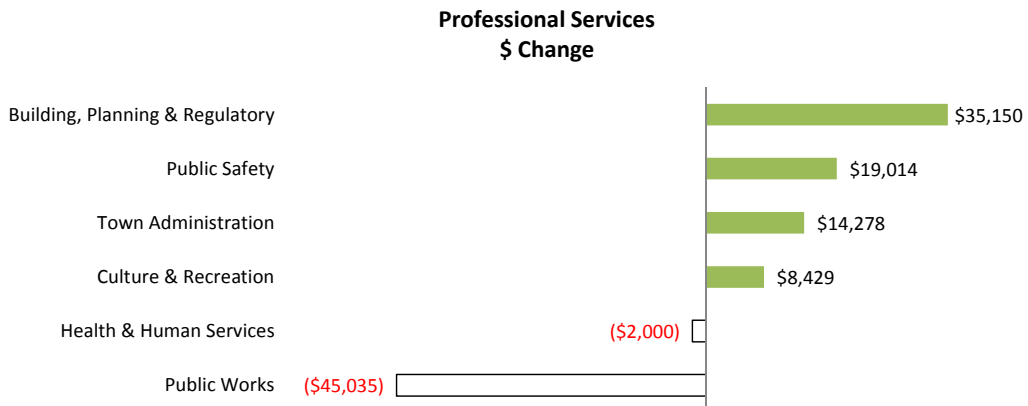
- **Cemetery Care \$5,000** – This is a new budget account for 2013. Funding used to be in the Public Works administration budget.

**Culture & Recreation \$ -4,208**

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- Decrease primarily due to changing the vendor who provides water testing at the Community Center. We are estimating a savings of \$2,515.

**Professional Services - \$29,836**



**Building & Planning \$35,150**

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- **Building Department \$15,150** – Increase driven by a proposal to hire a consultant to revise the Planning & Zoning regulations.
- **Economic Development Commission \$20,000** – The EDC would like to hire an advisory consultant.

### *Public Safety \$19,014*

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- **Police Administration \$5,868** – \$2,868 increase for backup and disaster recovery services. This is a new budget item. Increase in training of \$3,000 due to the police academy now charging the Town for training.
- **Communications \$8,591** – Increase in the fee that the town pays to Kx for dispatch services.

### *Town Administration \$14,278*

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- **Employee Benefits \$25,400** - Increase for a new employee wellness program.
- **Town Council \$ -15,000** – Reduction relating to a one time budget item for a consultant to assist in recruiting a new Town Manager during fiscal year 2012.

### *Culture & Recreation \$8,429*

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- **Library \$8,029** - Increase for expansion of digital media services.

### *Public Works \$ -45,035*

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- **Engineering \$45,000** - Decrease for outside consultant fees due to the proposed engineer position.

## **Transfers to Other Funds - \$21,972**

### *Capital Reserve Fund \$34,472*

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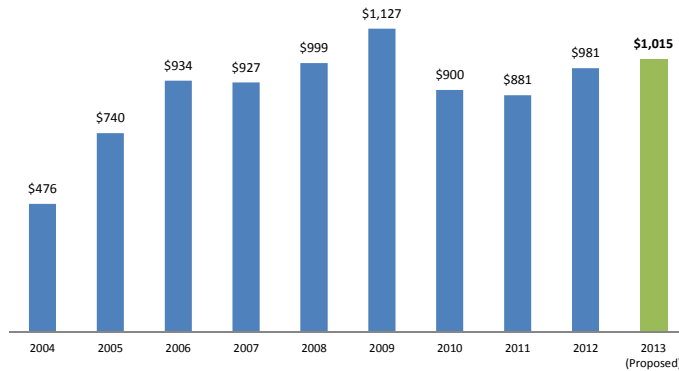
- This year's capital contribution is recommended at \$1,014,972. This is an increase of \$34,472 over our current year's budgeted contribution of \$980,500. Note: The Capital Committee met on March 6<sup>th</sup> and has recommended that the contribution be reduced to \$999,972 through the elimination of the Center School turn around project.

### *Transfer to Water Fund \$ -12,500*

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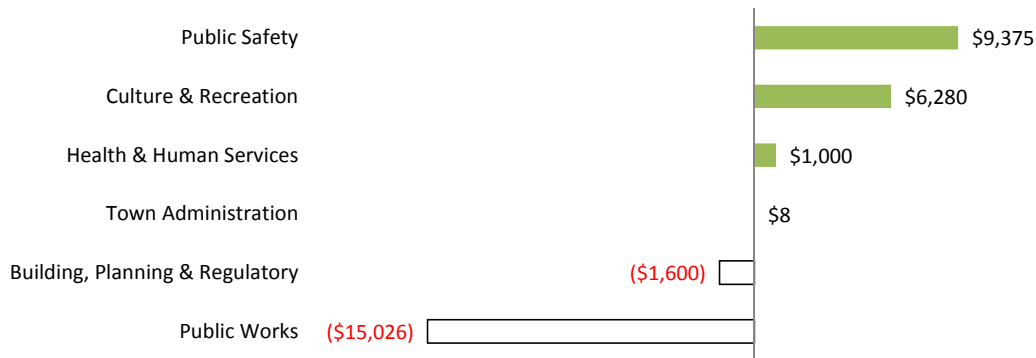
- The general fund subsidizes the Village Center and Royal Oaks Water System. The total recommended subsidy is \$47,500. The reduction is based on past operating results.

**Capital Reserve Fund**  
General Fund Annual Contributions (In Thousands)



**Supplies & Equipment - \$37**

**Supplies & Equipment  
\$ Change**



**Utilities and Fuel**

Due to the recent price volatility in fuel the Town has not locked in on pricing for next year. We are currently working with vendors on fixed and differential pricing models. We have estimated increases between 10% and 15% depending on the commodity. We have budgeted \$3.23 per gallon for number 2 heating oil; \$3.12 per gallon for diesel; and \$2.96 per gallon for gasoline.

In November 2011 we re-bid our electric rates through the CCM Energy Program to get the best prices that the market could provide. This resulted in a base rate of 8.64 cents per kwh on the generation services charge for both the Town and Board of Education. This is a 10% decrease from the prior rate. The rate is locked in until December 2016 and provides the Town with price stability against rate increases. It is estimated that the 2012-2013 utility charge will be similar to this year’s current rate.

The increase for gas, diesel & heating oil for all Town departments is **\$35,562**.

### *Public Safety \$9,375*

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- **Fire Department Coats, Boots & Helmets \$3,500.** Ongoing replacement of worn personal protective equipment.
- **Civil Preparedness \$3,000.** Funds for a portable generator and emergency lighting.

### *Culture & Recreation \$6,280*

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- **Parks & Recreation \$3,000.** Purchase of Walleye for the lake. This item was previously budgeted for in the Capital Reserve Fund.
- **Library \$3,000.** Increase in books to enrich library offerings.

### *Public Works \$ -15,026*

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- **Road materials and supplies \$ -40,856.** The Town Manager decreased this account due to the light winter. The Public Works Department will purchase and store materials to be used next year.
- **Motor fuel \$25,831.** Estimated increase for gas and diesel for all Town vehicles.

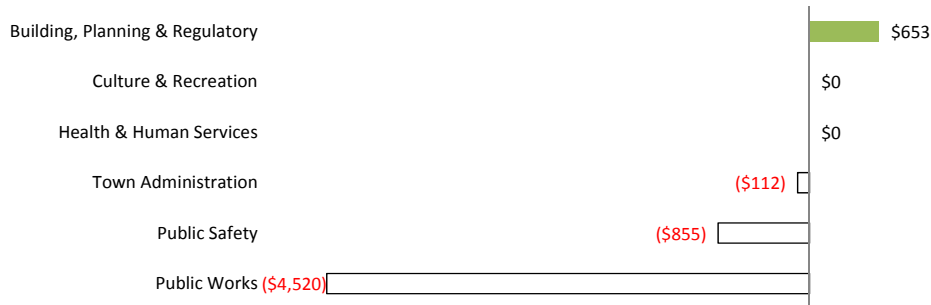
## **Contingency - \$ No Change**

The contingency account is used to cover unforeseen expenditures.



## Dues, Fees & Other - \$ -4,834

### Dues, Fees & Other \$ Change



### Public Works \$(4,520)

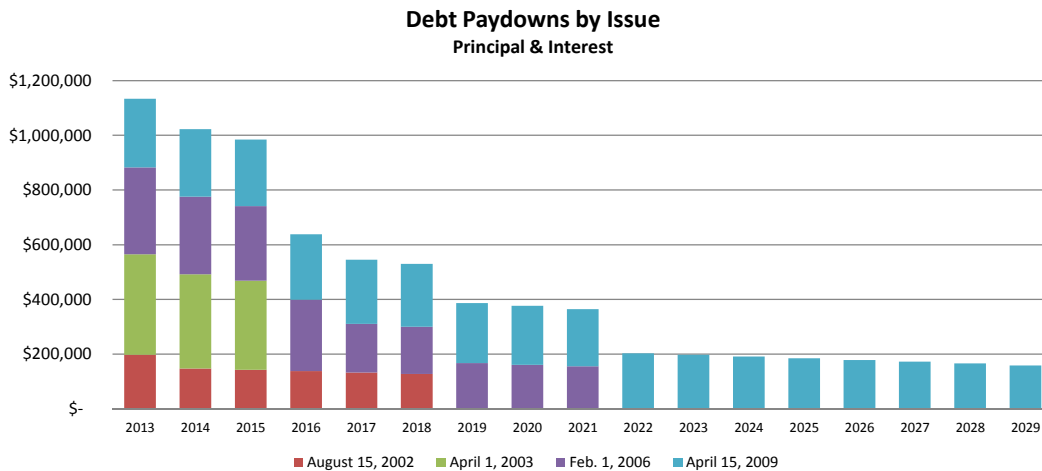
- The decrease was driven by the transferring of funding (\$5,000) for the Town Cemeteries to a newly created Cemetery Care budget.

## Debt Service - \$ -28,761

- **Principal** - The budget reflects a decrease of \$10,000
- **Interest** - The budget reflects an increase of \$18,761

Debt service has decreased for general government by **\$-28,761**. This decrease is attributable to debt service pay downs. Included in the interest expense is \$62,563 for bonds relating to financing the Memorial School roof and oil tank project as well as the 2012 Road Improvement Program.

Below is a chart of debt payments by issue.



## *Department Breakout – Major Contributors to Change*

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### **Departmental Budgets**

The following budgets were selected for an additional explanation as a result of a significant increase or decrease. Listed by department are the items that caused significant changes.

#### **Town Council - \$ -15,807 or -44.6 %**

**Professional services \$15,000** – One-time costs associated with hiring a Town Manager search firm. This project is expected to be complete prior to June 30, 2012. There is \$5,000 budgeted in the account for 2013 for miscellaneous consultants/projects.

#### **General Insurance - \$22,250 or 9.6%**

The primary driver for the increase was for premium increases for workers compensation of 10% or \$4,250 and liability insurance of 15% or \$18,000. These numbers are estimates at this time.

#### **Information Technology - \$7,643 or 13.4%**

Increase due to the technology consultants hours being increased by 90 hours annually. This increase will provide coverage Monday, Wednesday and Friday for approximately 15 hours per week. The other increase relates to annual software maintenance agreements for our firewall, web filtering, backup and anti-virus protection devices.

#### **Employee Benefits - \$122,695 or 10.1%**

**Unallocated Payroll \$80,000** - Wage increases for non-union, Police and Public Works unions. Both union contracts expire June 30, 2012.

**Medical Insurance \$12,721** - Enrollment changes and projected premium increases of 10.8% are the primary drivers for the increase. The proposed engineer position also contributed to the increase. The year over year budget increase would be significantly higher had this year's budget been reduced to reflect estimated actuals.

**Professional Services \$25,400** – Costs associated with a proposed employee wellness program. The goal of the program is to reduce overall medical costs.

### **Police Administration - \$10,062 or 3.4%**

The overall increase is due to step increases for the two clerks as well as fees associated with disaster recovery/back-up for police data and new costs associated with training at the police academy. The department is now required to maintain the automated fingerprint identification system and has included additional funding in the equipment maintenance budget.

### **Police Regular Patrol - \$16,833 or 1.3%**

The increase was primarily due to salary step increases for four officers.

### **Animal Control - \$7,668 or 23.8%**

The increase will bring the budget in-line with estimated actuals. Last year, in anticipation of the regionalization of the dog pound with East Haddam the budget was reduced. This reduction was in excess of what was needed to run the department.

### **Fire Department - \$20,056 or 8.7%**

A majority of the increases to various line items were between \$500 and \$2,000 and relating to repair/maintenance and supply items. Most budgeted line items have been modified to reflect estimated actuals.

### **Fire Marshal - \$7,128 or 19.7%**

Part-time salaries have been increased \$2,000 to provide additional work hours. The department is also looking to purchase an iPad and software (+\$2,475) to allow the Fire Marshal the ability to enter inspections remotely thereby eliminating additional time necessary to re-key data back at the office. The Department is also looking to replace one set of turn out gear at a cost of \$1,500.

### **Planning, Zoning & Building - \$11,270 or 3.4%**

The primary driver for the increase is a request for funding to hire a consultant to revise the Planning & Zoning regulations. The cost is estimated to be \$15,000.

### **Economic Development Commission - \$20,444 or 179.6%**

The EDC is requesting that funding be reinstated (+\$20,000) for a consultant to provide more formal support to achieve the tasks and initiatives of the commission.

### **Public Works Engineering - \$43,613 or 72.7%**

Increase due to the proposed full time engineer position. Consultant fees were reduced from \$60,000 to \$15,000 as a result of this proposed position. Salary for the proposed position was budgeted at \$75,000. Benefits relating to the proposed position are estimated to be \$34,000. Benefits include health, pension, and FICA.

### **Town Wide Motor Fuel - \$25,831 or 15.9%**

This account covers diesel and gas for all Town owned vehicles and equipment. There are currently 68 vehicles, 2 trailer mounted pieces of equipment and several other pieces of small equipment that fuel up at the Public Works garage.

### **Public Works Road Materials- \$ -40,856 or -11.7%**

The Town Manager has recommended a decrease in the road material budget as a result of this year's light winter and reduced material consumption. The Town will purchase and store materials with funding available this year to be used in FY 2013.