

TOWN OF HULL ADVISORY BOARD MINUTES

Date of Meeting: 10-23-06 Meeting Start: 7:30 PM Meeting Adjourned: 8:30 PM

Attendance:

Member	Present	Absent	Others Attending
Charleen Tyson	x		Rick Dwyer---John Silva—Kristin Evana
Joan Senatore	x		Joan Meschino---Marcia Bohnic—Stephanie Peters
Dennis Zaia	x		Ron Davy--- Heather Mahoney ---Cathy Bowes
Charlie Ryder	x		Jim Lampke—Nancy Bilodeau & Nancy Martin
Jim Tobin	x		Bill Connor – Dan Johnson—Kevin Richardson
Martin Silverman		x	Dennis Blackhall--- Kelly Beazzley---Jim Canavan
Joan Cellini	x		Chris Haraden—Paula Delaney
Jim O'Brien	x		Maria Hortensia-John Reilly
David Clinton	x		Kurt Bornheim ----Bill Tremontona

Agenda Items:

- Overview of Workshop Format and Goals
The goal of this workshop is to present a clear and concise five-year revenue & expenditure forecast for the Town of Hull and to begin an on-going town-wide dialog regarding the fiscal challenges we face over the next several years.
- Presentation of Five-Year Revenue and Expenditure Forecast-Chris McCabe
- Open Discussion- moderated by Charleen Tyson
- Other Business

Charleen:

We plan to review the Town Budget starting on January 22nd. The materials for this meeting are available on-line. These numbers represent projections based upon our best estimates at this time. We expect that these numbers will change during the budget process.

Chris McCabe:

5 Year revenue & expense forecast- present and explain the reasons for the gap

REVENUES

Tax Levy

- Property Tax – regulated by prop 2.5%
- Can add new growth-Hull has been getting large increases in this level due to the rebuilds and renovations, for the past 4-5 years, now we do not expect this to continue, it has dropped considerably from 2001, 2002 and 2003.
- Debt exclusion is the HS debt (next week we get the final payment from the state)

Cherry Sheet (State Aid) – in 2002 we lost a full \$1M in State Aid and we have not gotten this back

Local Receipts- excise tax, hotel taxes-reimbursement for Medicaid for Special Education

Free Cash- it is the amount of money that we did not spend that we had available, budget monies that were appropriated at Town Meeting but were never spent. In the past we have had large dollars in Free Cash.

Moving forward we are being less conservative about expenses and we expect the free cash number to reduce each year. We should not expect this number to be a re-occurring stream of revenue.

Stabilization Fund-Rainy day fund money set aside since 2001 to help defray the cost of the Memorial School renovations.

Other-money set aside, not appropriated by Town Meeting, that is set aside for abatements and for covering the cost of residents who have successfully been awarded an abatement and we need to have the money to cover this difference. Also called **Overlay Surplus**. This is also not a re-occurring source of revenue and we need to wean ourselves off of this approach. This will drop to \$250k next year and it will decrease each year thereafter.

EXPENSES

70% are personnel expenses-salaries and benefits-**Personnel, Pension, Health Insurance**

Debt Service-90% is for the school projects, 2007 is the big heavy year for payments. We will see a small decrease in '08 but then it jumps back up in '09 and then in '10 all three schools' debts will be hitting the books. Expenses/Assessments-we will be level funding this moving forward

FY '08 we will have a deficit of \$700K+ and that deficit will continue through FY '10

This is not a surprise and we have been and are aware of this reality. We also know that the state has no plans to replace the \$1M that was eliminated in 2002.

Based upon revenue forecasts it is going to be very difficult to deliver level services with the budget expectations that we will present on January 22nd.

Charlie Ryder- Coming up with a \$700K+ deficit....what do you think our options might be to deal with this?

Chris- Reduce expenses or increase revenues or a combination of both. When I first came on at TM we had to cut personnel by 15 staff and we have yet to restore these positions. This number of \$700K would be equivalent to about 15-20 staff people.

The focus tonight is not directly linked to the next year budget but consider how we can inform everyone about the realities.

Another option for us to deal with this deficit is to obtain more vehicles to obtain greater revenues. Not sure that permits and fees can become a significant source of revenue. Always could go to Town Meeting to get another override to deal with the Jacobs School but that is not for next year.

Charlie Ryder- FY'08 it gets very difficult to deal with these ever increasing deficits.

Ron Davy- Does the deficit continue to trend upwards past FY'10? Or does it go down?

Chris- it should go down starting in '10

Ron D- 4% increase in taxes or a 2% decrease in services to reach a balanced budget

Paula D- State Aid, how realistic is the State Aid figures?

Chris- this is politically driven number. Will have a number after February 1st when the Governor sets a budget but we don't get real numbers until the House and the Senate work on the budget and we get final Cherry Sheet in August...therefore I think it is reasonable to predict a 4% increase.

John Silva- State Aid to Cherry Sheet there is an increase...why would you flat line the expenses for the upcoming years

Chris- the state does assess us dollars and these are always allowed to increase by 2.5%...this is where budget cuts generally come from since they do not affect personnel. Also feel that the SSCharter School enrollment of Hull kids will continue to decrease.

Charleen-Level Service Budget vs Level Funded Budget?—to provide for staff and to fund the pension plans and the rising health insurance costs these number are continuing to increase...if we level funded the budget we would have to eliminate 15-20 staff positions.

Dennis B-If we have a 15 – 20 person reduction that is out of how many staff? About 350pp. Do we get funds from the state to cover the DCR property? Are we obligated to cover this for the DCR?

Ron Davy- about \$600K according to time used

Chris- This is a moral obligation to supply police and fire services to those in need.

John R- How much money do we get from ambulance runs that come from DCR calls? Should we be presenting these expenses to the state? We decided that we are not offering Master Health Plan to new hires? Has this started? And how can we not get charged for this MHP rate for everyone. How has switching to the state pension fund has it helped us to control some costs?

Chris- These dollars do not cover our costs for providing these services. Equal dollar contribution goes back to 1986 and our town contracts do not allow us to bargain for these rates. When no one is left in the MHP then we

can break this cycle. We are now investigating if we could get better rates by going outside of the county insurance plans.....a consultant is evaluating these issues.

Marcia B- we have exceeded our returns and this is helping to level our increases so that the increases are not so great.

Charleen- we are obligated to identify the insurance program in the labor contracts

Chris- the teachers (and most school employees) just finished for a contract that begins in July '08 and all other ??????????

Dennis B- questions about defined benefit vs defined contribution type pension plans? Alaska and another state are doing this.

Chris & Charleen- this is not something that will be available for a very long time in the municipal sector

Chris- there is talk about allowing the cities and towns to join the state insurance buying power which might afford some savings

Dennis B- when do we need to make decisions to balance this budget?

Chris- by town meeting but also prior to setting the tax rates, but now with the quarterly tax bills we need to be ready with budget plans and strategies by May 2007, at Town Meeting

Joan M-are there things that we can do now to help deal with these issues? i.e. hiring freeze?

Chris- a hiring freeze does force mgmt to look at things more critically and when people leave due to retirement and attrition not being able to fill a position might force more thought to the hiring process.

Dennis B- what is the attrition rate for our town

Chris & Marcia- very low, and service wise we have a very young workforce, and this impacts the personnel wages issue due to regular increases as well as step increases. In the schools there was a higher turnover than in the town hall portion. The pension plans for younger employee will to balance the pension budgets.

Charleen- we are only trying to present the issues and get some thoughts out on the table.

Charleen will be happy to supply information to any citizen who may want to obtain further information, her email is on the town web site.

John Silva- we are wedded to the old retirement system of the state and the only way to make a change it to get state legislators to get involved. The Federal Government system that was put into play might be a way to move to deal with this issue,specifically.

Dennis B- Is there a schedule showing the amortization schedule for each school, so that we can track it and observe it?

Chris- has these available

Respectfully submitted;

Dennis Zaia

Secretary/Clerk

Next Meetings: November 6, November 20, December 4, December 18, January 8, January 22 (budget due).