

TOWN COUNCIL WORK SESSION
ON FY 2012-2013 BUDGET
April 5, 2012

Present: President Gary Cote, Vice-President McGee, Councilman Jendzejec
Councilman Mattson

Town Manager Thomas Hoover
Town Solicitor Frederick Tobin

Absent: Councilman Spear

Before the work session began, President Cote asked department heads to come back before Council projecting the impact to their department if the budget was cut an additional 5% and also an additional 10%. Chief Volpe was asked to project a 5% reduction for the police department.

Finance Director Ted Przybyla began the presentation on the FY 2012-2013 budget, (see entire budget in Town Council folder)

Mr. Przybyla spoke about growth in the levy being just under $\frac{3}{4}\%$, what he feels is a conservative amount. He also discussed the issue of the use of the general fund balance, where the town is allocating \$347,000 to close the gap in order to avoid a tax increase. In addition, we have not allocated any of that fund balance over 10% in this budget. It was left for the Council to decide on how to apply the amount over 10%, which would be about \$1.2 million. Mr. Przybyla's recommendation would be to decrease our accrued liability by \$1.2 million (not the ARC), which would reduce our payments in the future for both municipal and police by approximately \$80,000 a year. Manager Hoover agreed.

Mr. Przybyla also brought attention to the allocation of the self-insurance fund with one final, remaining amount of \$530,000; that fund will be exhausted and there will only be a residual amount left after the payment. Since we have some claims to pay on, that residual amount should be left there; however, I want to make sure you are aware that this "hole" will have to be filled next year. Our debt has gone down substantially due to refunding last year and due to the fact that we recently sold bonds. Beyond that, the budget is flat.

In the general fund, the audit RFP is increasing by \$10,000. Although it seems as though the library line is up \$87,374, what we are doing is allocating to the library the cost of using the building, the heat, utilities, and staffing. We are trying to accurately reflect the true cost of utilizing the library within these confines. But we are level funding for all intents and purposes. In addition, there is a \$50,000 amount in contingency, for anticipated costs of labor negotiations.

Page 3 of the presentation is an extract of the pension plan experience study. Most importantly the unfunded accrued liability should be taken under consideration, which has gone from \$50.9 million to \$59.7 million, with the funded ratio down to 11.3% (critical status). The annual required contribution has grown significantly from \$4.2 million to \$4.7 million for the Police Department.

Similarly, on Page 4, the municipal pension decreased from \$27.9% funded to \$25.3% funded, with the unfunded accrued liability going from \$11.3 million to \$12.9 million. The annual required contribution has increased from a little over \$900,000 to almost \$1.068 million.

As far as the Capital Improvement Program, our proposal is not to fund it this year.

Mr. Przybyla discussed the general obligation debt. One issue that we were pleased to hear about from the ratings agency is that they look at Coventry as a low debt community. We have gone through very successful refunding.

Further discussion ensued regarding the sale of bonds, amortization schedules, sewer debt, enterprise funds supported by user fees and sewer assessments.

POLICE DEPARTMENT

Chief Volpe presented the Police Dept. budget, with the main request for next year the same as last year, personnel and a vehicle. Our 2013 budget reflects the hiring of three additional officers, with an addition of two officers that offset two retirements. In total, 5 officers. These hirings allow us to meet our authorized number of officers, 57, which we haven't seen in some time.

The increase in manpower allows us to move from a reactive position to where we can reach out with some of the initiatives we have had in the past, such as internet and cell phone safety, planning for a freshman orientation program at the high school, narcotic wellness forum, DEA drug turn-in, anti-bullying campaign, and a Coventry On Alert registry for special needs.

Currently there are 5 patrol areas; three on the midnight shift. We would like to hire an additional roving officer.

PUBLIC WORKS

Mr. Robert Clarkin, Public Works Director, presented the DPW 2013 budget, showing an increase of \$158,000. He explained that although Council is looking for a 0% increase, there are actually four areas of increase, which are refuse at \$52,000 due to what is taken to the landfill (and was underbudgeted the last two fiscal years) vehicle maintenance and fuel increase \$45,000, step increases including medical and dental at \$38,000.

Manager Hoover remarked that medical and dental throughout the town averages at 5%.

President Cote inquired whether there was a surplus in the snow removal account; Mr. Clarkin responded that there is a \$135,000 surplus. Further discussion took place on ways to improve on scrap. Councilman Jendzejec inquired whether Mr. Clarkin is looking into biofuels. Manager Hoover added that there has been some talk about using waste or reused oil or petroleum products for heating. Mr. Hoover will find out how much money we made on the scrap and white goods last year.

Councilman Mattson inquired as to whether RI Resource Recovery upgrades at the landfill, such as single stream recycling and its effect on recycling and tipping fees, would have any impact on our costs. Mr. Clarkin responded new regulations are not complete and have not gone into effect yet, supposed to be June 1.

Parks and Recreation

Parks and Recreation Director Guy Lefebvre noted that his budget represents \$4114 over last year. Due to contractual obligations and step increases, restructuring of summer camp, new and added classes, ADD battery replacement, gasoline, drug testing and gas for heating. This is offset by new revenues of new fees for field useage, new programs at Flat River gym, adjustments in the summer camp program and consideration of charging non-residents for extra spaces in programs, after satisfying our own residents first.

President Cote asked if with all those new revenue streams, Parks and Recreation is still asking for an additional \$4114 to your budget. Mr. Lefebvre replied yes.

Public Comment

Ron Gizzarelli, 50 Harrington Road, stated that Coventry is one of the most efficient towns in the state. The public may not know much about the employees, but I don't see how they can do anymore sacrificing. Some of our personnel should get bonus pay because they're doing the work of three people.

Mr. Gizzarelli also asked the council to look into and question the pension formula with regard to the unfunded liability in the pension plan. He believes the formula is not realistic and we may be able to cut our liability in half

President Cote adjourned meeting.

Town Clerk