

TOWN COUNCIL WORK SESSION
Municipal Operating Budget
April 8, 2010 – 7:00 p.m.

Present: President Raymond Spear, Vice-President Laura Flanagan, Glen Shibley,
Kenneth Cloutier, Frank Hyde

Town Manager Thomas Hoover

Manager Hoover summarized the changes which have been made subsequent to the first budget session and noted that this revision is \$250,000 less than the original budget:

1. Removed \$50,000 from Town Manager's budget for grant writer and will contract that service on a contingency basis; grant writer will be paid from grants
2. Currently in process of obtaining costs to outsource payroll
3. In receipt of quote from RI Interlocal Trust regarding our workers' comp program
4. A questionnaire is being formulated for employees, asking for their ideas on how to save the town money
5. Reduction in Town Solicitor's budget by \$400,000; added \$200,000 to contingency fund
6. Expect to receive about \$2,000 a month in lease payments for cell towers and should accrue about \$24,000 by the end of the next fiscal year
7. Formulating RFP for group life insurance
8. Completed comparisons of other communities pertaining to parks and recreation summer camp fees for various programs
9. Still do not know what the State is going to do, there is a possibility of some measure to stop reimbursing towns for auto excise tax, particularly the \$6,000 vehicle exemption that may be eliminated by the state. Cities and towns would then have an option of taxing for that amount
10. Level funding school department and municipal side are options
11. Discussion of 5 year payback plan from School Department regarding "credit line"
12. To cover \$1 million of the deficit, it would require an increase of about \$.30 per thousand per valuation or increase of approximately 1.95%. The average \$300,000 home would increase about \$90.00 per year.
13. A recommendation is being formulated regarding the Senior Tax Freeze.

Councilman Hyde asked about amount of \$800,000 in town solicitor's department. Councilwoman Flanagan replied that rather than budget \$400,000 for litigation, \$200,000 was moved into contingency so we have that \$400,000 if we need it, which is only for arbitration and mediation.

Councilman Hyde feels it's a good idea to get a bid for worker's comp insurance. Believes we are underinsured anyway, but need to be mindful that every year we will have a cost going forward.

Councilwoman Flanagan commented on the \$3.2 million Workers' Compensation Fund. Asked where \$600,000 went and whether it was due to claims this year, because there used to be \$3.9 million in that fund. Manager Hoover stated there has been \$3.2 million in there since he became manager.

Councilman Cloutier agrees that we should obtain a bid for workers' comp policy. He also thinks that some of the \$3.2 million should be used for capital improvements. This

presents a good opportunity for us. There was some discussion pertaining to a portion of the cost that will be borne by the School Department and the need to incorporate some of the school's capital needs into that plan.

Councilman Cloutier also thinks that outsourcing payroll is a good idea. He uses ADP and it has freed up some time for him. Finance Director West met with two payroll providers, but does not have cost figures yet.

Councilman Shibley suggested that maybe a URI student would be looking for an internship or project where they could get college credit, assisting us as a grant writer.

Mrs. Flanagan asked that questionnaires be sent to employees for their input on where to save money; President Spear will review questionnaires.

Mrs. Flanagan asked where we will close out the end of the year and Mr. West replied that about a month ago we estimated that we would contribute about \$50,000 to the fund balance. She further asked what the actual surplus is and suggests that Mr. West should have estimated spending \$200,000, but only estimated spending \$50,000 by year's end. We budgeted \$255,000 in 09-10 contingency. You estimate that we are going to spend \$50,000, which would leave us with \$205,000 surplus. If you think that you are going to spend \$200,000, it should have been estimated on that line. She requested a list of where this contingency money was spent.

The budget should reflect what we are actually spending, not just carrying forward the numbers from last year. She questioned why there is more money budgeted for contractual services and fixed charges in the Town Council budget than we actually spent. If we're just carrying over numbers, we need to trim back and can use those dollars somewhere else. The budget needs a careful review, the way we think about budgeting needs to change and should be done more realistically. Would also like to see pension line changed in the Town Manager's budget; this is not a pension but a defined contribution.

Mrs. Flanagan asked about the significant increase in group health insurance in the police budget. Colonel DaSilva attributes the increase to reduced waivers, single vs family plans, hiring of new police officers.

With regard to the emergency management budget, Mrs. Flanagan asked whether it would be appropriate this year to pump up the emergency management budget. Colonel DaSilva replied that even with FEMA jumping in, we have a 25% match. Manager Hoover's opinion is we really need that \$27,000 amount to make it work, \$4,000 does not accomplish a thing for that particular management. Councilman Shibley agrees.

DPW Superintendent Dennis Smith commended Colonel DaSilva for the excellent job done during the storm; if not for him, we would not have been able to accomplish what we did.

Mrs. Flanagan asked why the crossing guard budget is down and Mr. West responded that was due to the closing of a school and the need for less crossing guards.

President Spear advised that from a financial perspective, the State said things do not look good. This Town Council would like to get as close as possible to what we did last year with the budget without having to do irresponsible, unreasonable, and detrimental things. President Spear requested the potential consequences of level funding the schools. President

Spear also questioned budget increases of 8.7% in Town Manager, 106.3 % in Bd. Of Canvassers, 4.8% in Police, 581.3% in civil defense, 4.5% in Zoning Board and 19.5% in Town General.

Manager Hoover responded that the Town Manager's budget represents a new Town Manager; Board of Canvassers increase is due to elections this year; Town General due to a strategic plan; equipment rental is up due to rentals of chairs, floor covering, fans and speakers for the FTM; phone service is up because we cut too much last year according to Mr. West; the town insurance is projected to increase.

Mrs. Flanagan addressed the Parks and Recreation program analysis prepared by Director Lefebvre and requested that overhead expenses be added to the analysis.

Councilman Hyde asked if we received any insurance rebates and Mr. West responded that we received a small dividend of about \$10,000, which goes back into the general fund.

Mrs. Flanagan stated that the Town Solicitor's budget is still disconcerting and would like to try to renegotiate terms with them. She thinks we could maybe save \$100,000. Mr. Hyde asked what we have spent on the town solicitors this year; Mr. West will check. Mrs. Flanagan clarified that she is not criticizing the solicitor's office. For example, with the Commerce Park lawsuit, you get what you pay for and the town could have ended up with a bill of \$28 million.

Cheryl Kane, 185 Read School House Road, questioned why the town did not use eminent domain in the landfill lawsuit with Commerce Park. Manager Hoover stated that in his experience, that would have been more expensive. She also questioned the increase in the Town Manager's budget of 8.7% along with the need for a strategic planner. Mr. Hoover responded that the 8.7% is a contractual matter and he has received no increases since being hired. As far as a strategic planner, he has always used a consultant, it's the proper way to do it.

Councilman Shibley stated that he is very satisfied with the budget/salary we agreed to for the manager.

Louis Diamonte told the Council that a survey/analysis was distributed and filled out by employees two years ago. President Spear hasn't heard about it, but will look for it.

Mrs. Carlson of Waterman Hill Rd. questioned the budget process and feels the town should make improvements pertaining to town meetings, the town website and overall efficiency of the town.

Motion made by Glen Shibley seconded by Laura Flanagan to adjourn. All voted aye.

Meeting adjourned at 8:27 p.m.

Town Clerk

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April 8, 2010

Present: President Raymond Spear, Vice-President Laura Flanagan, Glen Shibley,
Kenneth Cloutier, Frank Hyde

Town Manager Thomas Hoover

6:00 P.M. – Work session for the purpose of discussing municipal budget for 2010-2011 fiscal year.

President Spear this meeting is to review the budget that the manager has been working on during the past week or two subsequent to our first meeting on the budget.

Manager Hoover took many recommendations and revised budget sheets.

Summarized changes:

 Took \$50,000 from Town Manager office for grantwriter and will contract for service on a contingency basis and will be paid from the grants

14. Obtaining costs to outsource payroll
15. Have received quote from RI Ineterlocal trust to take over our workers comp program
16. Have received an excellent bond rating from Moody's.
17. We are formulating a questionnaire to employees to try to gain some ideas on how savings might be made
18. Have removed \$400,000 from town solicitor budget and placed \$200,000 in town contingency fund
19. Had a balance of \$200,000 in cell tower fund and was budgeted for capital improvements. We are not received about \$2,000 per month in lease payments and should accrue about \$24,000 by the end of the next fiscal year.
20. Formulating RFP for life insurance
21. Included comparisons of parks and rec revenue for various programs including other cities and towns in RI re summer camp fees
22. Still do not know what the state is going to do, possibility some passage of measure to stop reimbursing towns for auto excise tax, particularly the \$6,000 vehicle exemption that may be eliminated by the state, then cities and towns would have an option of taxing that amount.

23. Option of level funding school department and municipal side
24. Discussion of 5 year payback plan from School Department regarding "credit line"
25. If you want to cover \$1 million of the deficit, it would require an increase of about \$.30 per thousand per valuation or increase of about 1.95%/ Average \$300,000 home would increase about \$90.00 per year.
26. Finance Director and I formulating recommendation dealing with Senior Tax Freeze.

President Spear this budget compared to initial budget is about \$250,000 less? Mr. Hoover, correct.

Councilman Hyde asked about the \$800,000 in sol dept.

LF – The last time we talked about having \$200,00 in cont that we didn't spend. Rather than budget \$400,000 for litigation, we moved \$200,000 to the \$200,000 in cont and have that \$400,000 if we need it. Only for arb and med.

FH – Talked about bid for WC ins, not a bad idea. We are undersured anyway. Need to be mindful that every year we will have a cost going forward.

Capital Improvememn discussion....a portion of this will be borne by the School Dept. (WC fee). With this 3.2 mil, need to incorporate some of the school's capital needs into that plan.

FH - Think the state should let us handle out own way, could govern out own town a little more effeiciency.

Councilman Cloutier – regarding WC policy, think aside from good idea as far as having that money for cap improvements, getting more coverage, more assistance with claims. Good opportunity for us, can use for cap that we really need.

Ken – As far as outsourcing payroll, ADP has freed up time for me instead of doing myself.

WW has had meetings with providers, no figures yet. They do serve Exeter, Foster, smaller towns. ADP and Paychex.

LF – Call Exeter, see what they're charging.

Glen – Regarding letter from Trust was in Nov. 2009. Any indication about next year? Being involved in a large pool (share-risking) would give us a lot better situation if calamity hit. Also, free up some money for capital improvements, especially not knowing what we're getting from the state.

Glen – Grant writer – URI students are asking how they can assist, may be looking for internships or a project where they could get college credit, become a grant writer.

Laura – Re WC fund. Was 3.9 mil in that fund, did we have \$600,000 in claims this year? TH - Was 3.2 in there since I got here.

The questionnaires for employees are important, when can we see those?

TH – next week's paychecks. LF – Wants someone from council to review and check feedback. Ray will do that.

Laura – Where will we close out the end of the year?

WW – About a month ago, we small contrib. to the fund bal of about \$50,000.

Discussion about \$50,000 vs. the \$200,000 in cont that we hadn't touched. You estimated that we would only spend \$50,000 by year's end. So we have \$200,000 in surplus? We bud 255,000 in 09-10 in cont. You est that we are going to spend \$50,000, which would leave us with \$205,000 surplus. If you think that you are going to spend \$200,000, should have been estimated on that line.

LF – Wants a list of where we spent the contingency money. Had made it crystal clear that we wanted to know if departments were meeting their budget every month. Would be on top of over-expenditures.

LF – Re town council budget #110 why we are budgeting \$ 22 for contractual when we spent \$770. Would like to see about \$800 there. Should budget on what we are actually spending, not just carry forward numbers because they were there last year. Same with Fixed charges. If we're just carrying over numbers, need to trim back, can use those dollars somewhere else. Need careful review. The way we think about budgeting needs to change. Should budget more realistically.

LR – in the town Manager's budget, pension line, your contrib. to your retirement plan, not a pension, defined contribution plan. Like to see that done.

LF – Group health insurance? Significant increase. Increase in group health I'm sure, was due to the hiring of new officers. In-consistency of group insurance numbers

WW – due to changes, waivers, single vs family plans.

Ron– More going off into family plans also.

LF – Observation - is this the year to pump up this emergency management budget?

Ron – We have a 25% match, even with FEMA jumping in.

TH – My opinion, really believe we need that minimum amount to make it work. \$4,000 does not accomplish a thing for that particular management.

LF – We didn't go over in administrative costs,

TH – We need that \$27,000 in Emergency Management, don't know what you did before, but...

Glen – Agrees

DPW Dennis Smith gave credit to Ron for the excellent job, if not for him, we would not have been able to accomplish what we did.

LF – Why is crossing guard budget down.

WW – Closed a school.

Spear – State said financial perspective things do not look good. This Town Council would like to get as close as possible to what we did last year with the budget. Get to a point where we are as close to prior year as we can possibly get without having to do irresponsible, unreasonable, detrimental things to all of us. Asked school what the potential consequences would be of level funding the schools. They are looking at something better than half million, we are looking at more than half million. Questioned lines items increases in Town Manager, board of Canvassers, Police, Civil defense, town general and Zoning Board.

8/7% in Town Manager, 106.3 % in Bd. Of Canvassers, 4.8% in Police, 581.3% in civil defense, 4.5 in zoning board, 19.5% in town general.

Re Town Manager – what does represent?

Hoover – Town Manager due to new manager; Board of Canvassers due to elections; town general due to strategic plan, equipment rental (WW) due to rentals of chairs, floor covering, fans and speakers for FTM; phone service is up because we cut too much last year (WW); town insurance projection will go up; phone service (WW) because we cut too much last year.

RS commended Guy on good job.

LF – PDon't see reflected in programs are the overhead expenses of employees such as fICA and medical costs, should be included in the analysis as well as overhead, lighting, etc.

TH – regarding impact of level funding, if you had to cut ½ million, what would happen.

RS – Community needs to know what will happen if level funded again.

LF has concerns regarding school budget, would like to see School Comm to do further work on their budget. Not crazy about the town budget.

LF – Cost of recent flooding.

TM – tabulating now.

LF – Need to prepare for worst case scenario. Prudent to be conservative this year –

FH asked about insurance rebates, WW small dividend of about \$10,000, goes back into the general fund.

TH – have prepared RFP to try to get broker services, competition for WB.

Budget on file in library.

LF – solicitor's budget still disconcerting to me. Should sit down and try to renegotiate terms with them. Could maybe save \$100,000 if we try.

RS – Since they know our operation, should be cheaper.

FH wants to know the answer to what we have spent on them.

LF – Not criticizing, for example Comm Park, you get what you pay for, could have spent \$28 mil.

Cheryl Kane, 185 Read School House Road, questioned why the town not use eminent domain instead of \$ regarding Commerce Park.

Mr. Hoover, - From my experience, would have been more expensive.

CK – questioned increase in manager's budget.

TH. 8.7%.....CK raise for tm?.....LF...the difference between former t.m. and what we pay Mr. H.

CK...Strategic plan...Why hire a strategic planner instead of the town manager?

Before I was hired, 8.7% is a contractual matter. I have received no increases since I have been hired. I've done many strategic plans and never have been able to do all in-house, always used a consultant, it's the proper way to do it.

CK - You went over budget, was \$115,000. We went over budget from last year. And the town employees aren't worth it??

Glen – I am very satisfied with the budget/salary we agreed to.

L. Diamonte – Town paid for a survey/analysis two years ago. What happened to that?

Mr. Spear – We will look for that, haven't heard of it.

.....Clarson, Waterman Hill road, questioned process of budget, if it gets done this way every year. What...complained about meetings, website, efficiency,

Mr. Spear invited to sit and talk

WW...add in next year, going with the Trust?

Spear – We all should remember that if we do this, it will be \$400,000 a year from now on.

Glen/Laura 8:27 p.m.

WW – shouldn't go up that much.