

TOWN COUNCIL MEETING  
Municipal Budget Hearing  
Coventry Town Hall Annex  
April 28, 2011 – 6:00 p.m.

Present: President Gary Cote, Ted Jendzejec, Kerry McGee, Raymond Spear, Carl Mattson, Jr.

Town Manager Thomas Hoover  
Town Solicitor Frederick Tobin

Manager Hoover presented updated budget message:

Now that we have had several work sessions with regards to next years' operating and capital budgets, I am providing an update to my budget presentation of March 28, 2011. Attached are replacement summary sheets for your budget book and a Resolution for consideration at the end of tonight's Public Hearing. Replacement sheets for the body of the budget book will not be made until after you approve the budget next month.

I have been in discussions with the leadership of the Town Council as well as with the School Department to formulate several revisions to my original proposal. I am recommending at this time that the real estate tax rates be adjusted only to compensate for the effects of the most recent statistical revaluation of property within the Town. In order to obtain a similar tax levy to this fiscal year, it is required that the residential tax rate be raised from \$15.46/\$1,000 to \$17.86/\$1,000. In turn, the commercial rate must be raised from \$18.63/\$1,000 to \$21.52/\$1,000. While Council and the community will be asked to approve the same amount of tax levy as this fiscal year, the tax rates will continue to fluctuate somewhat until certification of the statistical revaluation has occurred. My recommendation remains the same on a proposed reduction in the \$6,000 exemption on the motor vehicle excise tax to the \$500 State required minimum.

Considering a reduction in non-recurring revenue on the Town and School side of the budget and several expected revenue increases, the Town is left with near a \$3,000,000 shortfall. The School Department has asked for \$1.6 million next fiscal year to meet contractual obligations. The Town request to meet contractual obligations totaled \$800,000. All toll, the shortfall consequently increases to about \$5.4 million. Considering the reduction to this shortfall by reducing the exemption to the motor vehicle excise tax, reducing Town requests, increasing our tax collection rate and instituting a bulk disposal fee still leaves the \$1.6 million required by the School Department.

It is apparent that if the School Department is level funded they will be in dire straits next fiscal year with an inability to meet their contractual obligations. I am therefore recommending that \$1.2 million of the previously designated capital improvements fund, developed from the former workers compensation reserve, be used to meet a portion of the School's request. It is our intent to replenish that amount in the future to fulfill our capital improvement needs.

This action would require the School Department to reduce the remaining portion of their request and consequently affect the amount of capital improvements that the Town may perform next fiscal year. In order to supplement the \$800,000 left in the capital improvements proposal, I am recommending that a \$250,000 amount, currently excess in the Town's health insurance collaborative account, additionally be used towards next year's capital improvements. With the reduction to the proposed capital improvements I have provided an updated list of the proposed capital improvements program.

The \$1.2 million appropriation to the School Department is predicated on an agreement between the School Department and the Town that this amount will not be counted towards maintenance of effort beyond next fiscal year. In order to accomplish this, it is required that the School Department and Town request a variance from the State Commissioner of Elementary and Secondary Education per section 16-7-23.1, paragraph c, of the RI General Laws. Without this variance the Town will be unable to fund an increase in the School Department's maintenance of effort beyond next fiscal year. The School Committee passed the Resolution that I have before the Town Council tonight accepting this agreement at their meeting of Tuesday April 26, 2011. Should the Commissioner of Education refuse our joint request, reconsideration of an additional allocation to the School Department would be necessary.

The above recommendation will continue to maintain all permanent positions within the Town budget. The contingency fund will continue to be at a reduced amount of \$55,000.

Following up on my March 28, 2011 recommendation, the impact of the above stated reductions on the Town side of the budget remains unchanged. I will not be approaching the Town's two bargaining units to request changes in their contract. Both contracts expire at the end of the next fiscal year. I continue to believe that the School Department should consider a referendum to authorize the issuance of bonds to cover their much needed capital improvements. Other than an allocation to provide smoke detectors in the hallways of the high school, the remainder of the proposed capital improvements program is provided to the Department of Public Works, Police Department, and Department of Parks & Recreation.

The General Fund balance remains slightly above 10%. I continue to recommend that the Town Council consider passing a Resolution that any amount exceeding the 10% be dedicated to our annual required contribution for our municipal and police pension funds.

I look forward to hearing from the citizens of the community with regards to this budget proposal at the public hearing of April 28, 2011.

(See entire slide presentation on the Coventry 2011-2012 budget in Council folder)

Manager Hoover explained that the \$1.2 million for the schools is not to be counted toward maintenance of effort next fiscal year. The Town Council will ask Commissioner of Education Deborah Gist, to consider a variance, which is required by law. The School Committee has agreed to and accepted this resolution. I recommend that the Town Council adopt this resolution tonight also.

This budget will maintain all employee positions on the town side; the general fund balance is slightly over 10%.

Councilman Jendzejec asked if the average tax bill is equal to last year or less since the recent revaluation. Manager Hoover replied that due to the lowering of valuations, on the average they are the same.

President Cote explained that by recouping money through the auto excise tax, all citizens including those who rent will contribute, not just real estate owners. .

Councilman Jendzejec asked whether the School Committee adopted the resolution unanimously; Chairwoman Kathy Patenaude responded that it was a unanimous decision.

President Cote again stated that by using auto excise taxes rather than real estate taxes, the spread is more equitable and includes renters. It gets to more people in the community. Ultimately, it gives our school committee the opportunity to negotiate a new contract on August 1, 2012. If we level fund the schools, I am confident that the CTA would be willing to work with School Department, but would call for opening up the contract and rolling it for another three years. We chose to address that problem in this fiscal year, by funding to the minimum which allows the schools to still operate and provide the education to our children in the fashion that they have in the past, and that does not call for opening up the contract. So the contract effectively dies on 8/1/2012 and our School Committee will have an opportunity to sit with the CTA and renegotiate a contract.

Councilman Spear agreed that the auto excise tax, roughly \$100.00 on a \$6,000 auto, might be the better way so that everyone in the community contributes.

Councilman McGee commented that a lot of work was put into this budget, and it is a fair budget for everybody.

Motion made by Councilman Spear seconded by Councilman Jendzejec to accept resolution as amended including correction of typographical error changing \$1,200,000 to \$1,200,000 on page 1, line 3. All voted Aye.

There being no further comments, President Cote adjourned meeting and announced that the School Public Hearing would be held on May 5 at 6:00 p.m. in the Town Hall Annex.

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Town Clerk