

# CITY COUNCIL WORK SESSION

## Budget Review

May 24, 2005 – 6:30 p.m.

Conference Room A

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City Council Present: Mayor Sirrell, Assistant Mayor Grasso, Councilors Ferrini, Marchand, Hynes, Whitehouse and St. Laurent

City Council Absent: Councilors Pantelakos and Reynolds

Officials Present: John P. Bohenko, City Manager; Judie Belanger, Finance Director; Andrew Purgiel, Auditor; Gail Cunningham, Accountant; David Moore, Community Development; Dianna Fogarty, Human Resources Director; Dianne Kirby, Deputy City Clerk; Police Commissioners Howe and Kelley; and Kelli L. Barnaby, City Clerk

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### **I. Call to Order**

At 6:35 p.m., Mayor Sirrell called the work session to order.

### **II. Presentation of Budget Options**

City Manager Bohenko said we have concluded budget work sessions with the Police, Fire, School and Municipal Departments and as requested by the City Council we will discuss options to address the requests from the various departments. He advised the City Council that we would be reconvening the budget public hearing on June 8, 2005 at 7:00 p.m. in the Council Chambers. He informed the City Council that the budget is scheduled to be adopted at their June 20, 2005 meeting. He reported that the City Council would receive 7 Budget Resolutions for adoption.

City Manager Bohenko provided the City Council with three options available for the budget for consideration. He advised the City Council that Option A would allow for a 5.5% increase for Municipal, Police and Fire Departments and a 5.9% increase for the School Department. He reported that \$100,000.00 would be removed from the Capital Outlay in order to postpone the School Department Building Fire Sprinkling System because there was not enough money in the FY06 budget for the system. He said that funding would be identified in the Capital Improvement Plan next year for replacing the system and possibly bonding the item. He advised the Council that \$70,000.00 would be used for the replacement of the wall at the Little Harbour School for a total decrease in the Capital Outlay account of \$30,000.00. He reported that the Overlay account would be reduced by \$200,000.00 and the debt service would be reduced from \$1,000,000.00 to \$500,000.00. He said that this would reflect an additional six-cent increase in the proposed tax rate of his original recommended forty-five cent increase, which reflects a 2.98% increase from the FY05 tax rate.

Councilor Pantelakos asked if we put funding in past budgets for the Little Harbour School wall. City Manager Bohenko said no funding was put in place. He said there was never a request through the Capital Improvement Plan but the School Department would include the funding each year in their budget but when their budget needed to be reduced they would remove that funding. He advised the City Council that he has instructed Superintendent Lister that any project requiring more than \$50,000.00 with a useable life of 10 years or more should be submitted as a capital project in the Capital Improvement Plan.

Councilor Raynolds said that the wall at Little Harbour School has a major effect on the use of area at the school.

Councilor Whitehouse said that Little Harbour School thought they could raise funds through contributions but they were unable to do so. He advised the Council that it is important to have this item funded.

City Manager Bohenko advised the City Council that Option B would allow for a 5.5% increase for the Municipal, Police and Fire Departments and a 7.17% increase for the School Department. He reported that the only other difference between Option A and Option B would be the further reduction in Capital Outlay by the removal of \$25,000.00 for the Ceres Street Improvements. He said that this would reflect an additional seventeen-cent increase in the proposed tax rate of his original recommended forty-five cent increase, which reflects a 3.62% increase from the FY05 tax rate.

City Manager Bohenko advised the City Council that Option C would allow for a 5.5% increase for the Municipal and Fire Departments and a 6.73% increase for the Police Department and a 7.17% increase for the School Department. He reported that the only other differences between Option A, Option B and Option C would be the further reduction in the Capital Outlay by the removal of \$35,000.00 for the Indoor Training Range and \$30,000.00 for Security System Upgrades. He said that this would reflect an eighteen-cent increase in the proposed tax rate of his original recommended forty-five cent increase, which reflects a 3.67% increase from the FY05 tax rate.

Councilor Raynolds asked what items would be added back into the Municipal Budget if the Council agreed to allow for a 5.5% increase. City Manager Bohenko said funding would be restored to the following items:

- Legal Department
  - Reduce ½ prosecutor (\$45,000)
- Finance Department
  - Eliminate the IT Manager (6 months) (\$35,202)
- Welfare
  - Reduce Welfare Shelter (\$30,000)
- Social Services
  - Reduce Social Services by 25% (\$48,055)
- General Administration
  - Reduce Leave at Termination (\$44,500)

Councilor Whitehouse suggested transferring items from the School Department to another Department to bring the School down to the 5.5% increase to be equal with all other Departments.

Assistant Mayor Grasso said she would like to see departments receive a 5.9% increase with all other items outlined in Option A. She also suggested reducing the Capital Improvement Plan by \$200,000.00.

City Manager Bohenko advised the City Council that the School Department has met the budget guidelines established by the Council over the last eight years. The School Department has indicated that they have needs to maintain existing staffing levels and the City Council has increased funding for both Police and Fire Departments in the past by making adjustments.

Councilor Pantelakos said many residents cannot afford to live here because of the increase in taxes. She said that the Council needs to consider what the taxpayers can afford when passing this budget. She said that the School Department made choices in the past with their reductions and they said they could live with those changes.

Councilor Reynolds said he does not understand or agree that all departments should receive the same percentage. He said that the City Council has a responsibility to give departments only what the Council feels they need to operate. He said that he wants the School Department to receive more funding than just their fixed costs. He spoke opposed to reducing the Capital Improvement Plan.

City Manager Bohenko said the 5.5% and 5.9% was a result of ensuring we do not layoff employees and it meets the needs of the Municipal, Fire, Police and School Departments fixed costs. He advised the City Council for every \$30,000.00 change in expenditures or revenues equates to approximately one cent on the tax rate.

Councilor Ferrini said it is a reasonable goal to keep all departments at the same percentage, but he is not in favor of that.

Councilor Hynes said that the 5.5% increase is a target area for most of the departments to function but the School Department needs additional funding for the education of children. He spoke in favor of a 5.7% increase for the School Department.

Councilor St. Laurent said he was pleased when the City Council voted for a 4% budget increase for all departments. He said he wants the City Council to stay at the 4%. He expressed concern with the overtime funding in the Police and Fire Departments budgets. He said that the City Council needs to consider the ability to pay of all taxpayers. He spoke in favor of reducing the Capital Improvement Plan by \$200,000.00.

City Manager Bohenko advised the City Council a \$200,000.00 reduction in the Capital Improvement Plan would be a saving of six and a half cents. He spoke regarding the overtime for the Police and Fire Departments. He said that the City Council needs to understand that on the Fire Department side, you have asked them to stay at a 14 man shift at night and that is why you see an increase in overtime. He spoke to the Police Department overtime and advised the City Council that they have training and other needs that drive the overtime costs. He reported that Police Chief Magnant reviews all overtime and has taken a hard line. He said that these are policy issues the City Council may need to address. He said he felt the City Council should be aware of the reasons behind the overtime for both of the departments.

Councilor Marchand said that he would be reluctant to reduce the Capital Improvement Plan any further because that budget has been reduced in the last two years. He said the 4% he proposed was a goal to get the City Council to discuss priorities and what the right percentage may be for the departments. He said every department is unique with their own needs. We need to maximize the value of each dollar spent. He said the City Council should come up with a percentage for each department and justify that percentage.

Councilor Whitehouse said he agrees with the City Manager on his comments regarding Police Chief Magnant's monitoring of the overtime account. He advised the Council that he has received a number of letters requesting that the City Council stay at the 4% increase for all budgets. He said it is important for the City Council to hold the line.

City Manager Bohenko said the \$1.2 million for the Capital Improvement Plan would be raised and appropriated from the tax rate.

Councilor Reynolds said the 5.9% for the School Department does not add additional staffing; it just maintains what they have. He said the School Department has made a persuasive case for additional funding.

The City Council discussed the various options available to them as submitted by City Manager Bohenko.

City Manager Bohenko said the 5.9% increase for the School Department would allow the department to offer contracts to the 17 positions in question under the 4% limit.

Councilor Ferrini said he would accept the 5.9% as a minimum but he does not feel that is enough.

Councilor Reynolds said he supports giving the School Department direction on what percentage the City Council would agree to provide.

Councilor Marchand said because of the annual contracts for the School Department we need to look at them differently. He suggested changing when the contracts are prepared in the future.

Councilor St. Laurent said if we provide the School Department with a 7% increase we will pick up \$300,000.00 in fixed costs because of new employees hired.

The City Council, on a 7-2 consensus expressed support for a 5.9% increase for the School Department. Councilors Whitehouse and St. Laurent voted opposed.

City Manager Bohenko advised the City Council that the floor for the School Department budget is 5.9%.

The City Council, on an 8-1 consensus expressed support for a 5.5% increase for the Fire Department. Councilor St. Laurent voted opposed.

The City Council, on an 8-1 consensus expressed support for a 5.1% increase for the Municipal Departments. Councilor St. Laurent voted opposed. The 5.1% would restore all funding with the exception of Leave at Termination.

Assistant Mayor Grasso requested to provide funding for the Leave at Termination.

The City Council, on a 6-3 consensus expressed support for a 5.5% increase for the Municipal Departments. Councilors Pantelakos, Hynes, Raynolds, Whitehouse, St. Laurent and Mayor Sirrell voted opposed.

Councilor Marchand said he believes the Police Department can function with less than 5.5%.

Councilor Raynolds said a great deal of discussion has taken place on the level of overtime. He said that Councilor Marchand presented a memorandum to the City Council regarding a reduction in the overtime budget for the Police Department. He said he feels that the Police Department does not need the amount of overtime funding they have requested.

Mayor Sirrell said she feels if the City Council votes for less than a 5.5% increase it would be stripping the Police Department.

Councilor Hynes said we cannot cut the Police Department, they require a 5.5% increase to get the job done.

Councilor Marchand said if we are looking to maximize dollars we could place money in other areas. He said from his research, resources could be used differently in the Police Department and provide the same level of service. He said he wanted to create a dialogue between the City Council and the Police Department on this matter.

Councilor Ferrini said that if Councilor Marchand wanted to have a dialogue with the Police Department he should have provided a copy of his memorandum to the Police Commission and Department for response. He said there are union contracts that affect shift packs, which can influence overtime.

Councilor St. Laurent said the City Council only has control over the bottom line of these budgets, they do not have line item control.

Councilor Marchand said Councilor Ferrini's point is well made and he should have provided a copy of his memorandum to the Police Commission and Department prior to this meeting. He

said he stands by the principle of his memorandum and he would provide a copy of his memorandum this evening to the two Commissioners here and make sure the other Commissioner and Police Chief receive a copy. He said he is not talking about stripping any officers or the security of the department.

Councilor Reynolds said he would like to propose a budget for the Police Department that funds half of their overtime request.

Assistant Mayor Grasso said that this is the last year under the grants that require the Police Department to have 69 officers and at some point, the number of officers will decrease.

The City Council, on a 6-3 consensus expressed support for a 5.5% increase for the Police Department. Councilors Marchand, Reynolds and St. Laurent voted opposed.

Councilors Pantelakos and Hynes said they saw nothing wrong with Councilor Marchand's memorandum.

Councilor Whitehouse complimented Councilor Marchand on his memorandum and said the information and data required considerable time.

Councilor St. Laurent said every Councilor has a right to express their opinion and commended Councilor Marchand on his efforts.

City Manager Bohenko said he would provide the City Council with a new budget sheet listing everything as agreed by consensus.

The City Council, on a 7-2 consensus opposed the reduction of \$200,000.00 from the Capital Improvement Plan. Councilors Whitehouse and St. Laurent voted in favor.

## **V. Adjournment**

At 8:50 p.m., Mayor Sirrell closed the meeting.

Respectfully submitted by:

Kelli L. Barnaby, City Clerk