

CITY COUNCIL WORK SESSION

FINAL FY08 BUDGET REVIEW

May 9, 2007 – 6:30 p.m.

Eileen Dondero Foley Council Chambers

City Council Present: Mayor Marchand, Assistant Mayor Ferrini, Councilors Grasso, Dwyer, Reynolds, Pantelakos, Whitehouse, Smith and Hynes

Officials Present: John P. Bohenko, City Manager; Robert P. Sullivan, City Attorney; Judie Belanger, Finance Director; Andrew Purgiel, Controller; Steve Parkinson, Public Works Director; Kim McNamara, Health Officer, Rick Hopley, Building Inspector; Rus Wilson (Recreation & Athletic Director); David Allen, Deputy Public Works Director; Peter Rice, Water & Sewer Engineer; Mary Ann List, Library Director; David Holden, Planning Director; Dianna Fogarty, Human Resources Director; Rosann Maurice, Certified Assessor; Alan Brady, Communications Supervisor; Jon Frederick, Parking Manager; Keith Bates, Welfare Director; Gail Cunningham, Controller; Cindy Hayden, Deputy City Manager; Sue McCann, Assistant Library Director; Deb Finnigan; Traffic Engineer; Michael Magnant, Police Chief; Len DiSesa, Deputy Police Chief; Bill Irving, Police Captain; Karen Senecal, Police Department; Christopher LeClaire, Fire Chief; Steve Bartlett, School Business Administrator; Steve Zadravec, Assistant Superintendent of Schools; Dr. Robert Lister, Superintendent of Schools; and Kelli L. Barnaby, City Clerk

Other Officials: Police Commissioners John Russo, and John Kelley; Fire Commissioners Michael Hughes, Paul Wentworth and Richard Gamester; School Board members Kent LaPage; Henry Hayward; and Ann Walker

I. Call to Order

At 6:35 p.m., Mayor Marchand called the meeting to order and said that this is the final review of the FY08 budget.

II. Introduction

III. Review of Option A and Option B and other Alternatives

City Manager Bohenko said last evening he provided the City Council with documentation outlining two options available to the City Council to further reduce the budget. He spoke to Option A which reflects a tax rate of \$16.34 or a 3.94% increase and Option B would have a tax rate of \$16.32 or a 3.82% increase over last year. City Manager Bohenko also informed the City Council that he has pro-forma budget resolutions for their review and reference.

IV. City Council Consensus on Final FY08 Budget for Adoption

Mayor Marchand announced that the City Council will review each department and allow for discussion amongst Council members.

Councilor Dwyer asked if the City Council could start with the non-operating budget.

Councilor Smith asked if the City Council would be starting with a base line of Option A or Option B.

The City Council agreed that they would start with Option A.

City Manager Bohenko reviewed the process followed to encumber funds. He advised the City Council that you do not want to make it a point to carry encumbered funds over each year. He also informed the City Council that once the funds are extinguished they are released into the operating surplus.

Councilor Dwyer inquired about overlay funds. City Manager Bohenko advised Councilor Dwyer that it goes to a liability account and the funds must be carried to reserve for liability and exposure. He spoke to the recent revaluation of properties and advised the Council that the requests for abatements are higher this year. He also informed the City Council that we have abatements that go back to 2004. Councilor Smith asked City Manager Bohenko what is the City's current exposure. City Manager Bohenko said he cannot answer that directly because abatements were just filed and accurate numbers would not be available until the end of the fiscal year. Assistant Mayor Ferrini asked if the exposure affects our bond rating. City Manager Bohenko responded only if the City does not have the funding in the overlay account to pay for the liabilities.

Councilor Pantelakos asked if the funding of \$14,000.00 in Capital Improvements for the *Walkway, Dock and Building Lighting at Prescott Park and Four Tree Island* could be pushed out to future years. City Manager Bohenko said that this is the first year the City Council will see things coming in from Prescott Park and Four Tree Island. He said that the City owns the infrastructure and we need to start making improvements.

Councilor Pantelakos said that she would like to see the funding in the Capital Improvements for *Land Acquisition* reduced by an additional \$25,000.00. City Manager Bohenko advised Councilor Pantelakos that \$100,000.00 has been previously appropriated from prior years for land acquisition and the funds Councilor Pantelakos is requesting could not be removed until the funds have been extinguished.

Councilor Whitehouse spoke to the funding of \$25,000.00 in the Capital Improvements for the *Reclamation of Former Stump Dump* being moved to the *Implementation of Peirce Island Master Plan Project*. He also said he feels the funding for *Citywide Traffic Signal Inventory* should be reduced further. Councilor Whitehouse said he feels that the funding for the *Traffic Claming/Upgrades to Ocean Road* should be put on hold. City Manager Bohenko advised Councilor Whitehouse that we have 66% funding that we need to use. He said that these are matching funds.

Councilor Dwyer requested to move the \$25,000.00 funding for the *Reclamation of Former Stump Dump* to the *Implementation of Peirce Island Master Plan Project*. Councilor Pantelakos spoke to Mr. Jencks comments at last evening's Council meeting stating that the Peirce Island Committee was interested in funding for signage this year. She said that signage should not require \$25,000.00 in funding. Councilor Whitehouse said that the \$25,000.00 is not just for signage, it would be used to complete Phase II of the Peirce Island Master Plan which includes the paving of the parking area and stripping near the boat launch. City Manager Bohenko advised the City Council that the City will need to seek approval from the DES because the parking area is near the water and it may cost more than the \$25,000.00 estimated. Councilor Smith suggested removing \$12,500.00 from the *Reclamation of Former Stump Dump Project*.

Assistant Mayor Ferrini asked City Manager Bohenko where he would suggest getting \$25,000.00 in funding out of this budget. City Manager Bohenko said he would suggest reducing the *Citywide Traffic Signal Evaluation and Replacement Project* because we could do that project in phases.

Councilor Smith said he agrees with the recommended \$270,000.00 reductions in the Capital Outlay. He also recommended that the *Intersection/Signal: Plains Avenue/Peeverly Hill Road Project* funding be provided with half in FY08 and the other half in FY09. City Manager Bohenko advised Councilor Smith that the *Plains Avenue/Peeverly Hill Road Project* is tied to federal funding and would not recommend reducing the funding. Deputy Public Works Director Allen advised the City Council that this is an 80% / 20% funding project, with the City paying a small portion. City Manager Bohenko said that the project will start this year and we need the funding available to enter into construction contracts.

Councilor Reynolds said he feels that the funding for Peirce Island should remain and also indicated he does not support the reduction of funding for the *Traffic Calming/Upgrades to Ocean Road Project*.

Councilor Pantelakos said that City Manager Bohenko has provided the City Council with two options and recommended that the City Council focus on supporting one of those options.

Councilor Grasso said that she would like to move forward and proceed with City Manager Bohenko's recommendation to move \$25,000.00 from the *Citywide Traffic Signal Evaluation and Replacement Project* and add it to the *Implementation of Peirce Island Master Plan Project*. She advised the City Council that she puts her trust in the City Manager's knowledge.

Assistant Mayor Ferrini said that the City Council has seen significant creativity with this budget and said perhaps City Manager Bohenko could find another \$100,000.00 to further reduce the budget.

The City Council agreed to add \$25,000.00 in funding for the *Implementation of Peirce Island Master Plan project*.

The City Council did not agree to remove \$25,000.00 from the *Reclamation of Former Stump Dump Project*.

The City Council agreed to remove \$25,000.00 from the *Citywide Traffic Signal Evaluation and Replacement Project* and place the funding into the *Implementation of Peirce Island Master Plan Project*.

Councilor Smith said he would like to see a reduction of \$100,000.00 from the *Overlay* which would bring the total funding from \$1,000,000.00 to \$900,000.00. Finance Director Belanger advised Councilor Smith that there are 268 abatement applications that have been received at this point and we do not know the potential liability. She advised the City Council that she does not feel uncomfortable reducing the figure. She also informed the City Council that the Department of Revenue Administration looks to see if we have enough funding set up for potential outstanding liability. Councilor Smith said that he feels comfortable with recommending the reduction and he has confidence in our Assessor.

Councilor Dwyer said that she does not feel comfortable reducing the figure this evening due to explanation given by Finance Director Belanger.

City Manager Bohenko said that the Council could conduct a "Non-Meeting" with Counsel and the Assessor to discuss our outstanding liabilities.

Assistant Mayor Ferrini said that he sees the recommended reduction as a risk and would not support it.

Mayor Marchand said that there is a great deal of value in holding a "Non-Meeting with Counsel regarding this matter.

Councilor Grasso said she feels that the City Council should move forward with Option A as outlined by City Manager Bohenko.

The City Council did not agree with the reduction of \$100,000.00 from the *Overlay*.

Councilor Whitehouse recommended a reduction of \$200,000.00 from the *Contingency Fund*. City Manager Bohenko advised the City Council that the Contingency Fund is what it is and if we have major issues we will need to address them. He further added if the fund is reduced and funding is needed he would come back to the City Council for the additional monies required.

Councilor Grasso spoke to the large snowfall we had several years ago that required the City Council to use funding from the Contingency Fund for shortfalls in the Public Works Department.

Assistant Mayor Ferrini spoke opposed to reducing the Contingency Fund as recommended by Councilor Whitehouse.

Councilor Pantelakos spoke in support of Option A and requested that the City Council move forward with that recommendation.

The City Council did not agree to reduce the *Contingency Fund* by \$200,000.00.

Councilor Whitehouse spoke to Option B and said we need to look ahead to bonding issues and the many projects coming forward. He said that this is the year to hold the line and reduce the tax rate as much as possible. Councilor Whitehouse recommended reducing the four departments by 1% by using Option B as the starting point.

City Manager Bohenko said Councilor Whitehouse's recommendation would further reduce the tax rate by 17 ½ cents.

Councilor Hynes said that it took a great deal of time and effort to get the budget to this point and advised the City Council that he is not in favor of any further reductions. He recommended that the City Council move forward with Option A as presented.

Assistant Mayor Ferrini said he does not support going below Option B and would not support Councilor Whitehouse's recommendation.

Councilor Grasso asked Councilor Whitehouse what services he would recommend cutting from the budget based on his recommendation.

Councilor Dwyer spoke in support of Option A and said that the City Council is aware of major expenses coming forward in the future. She said that she is not concern with bonding and advised the City Council that she does not believe in arbitrary across the board cuts.

Councilor Reynolds spoke in support of Option A. He said that each department prepared their budget carefully and reviewed their needs for funding with the City Council. Councilor Reynolds advised the City Council that he is opposed to across the board cuts as well and would not support the recommendation of Councilor Whitehouse.

Councilor Smith asked City Manager Bohenko if he has any suggestions for an additional \$100,000.00 reduction to the budget. He suggested that the City Manager go back to the department heads and inquire if there are additional cuts that could be made.

Councilor Pantelakos spoke opposed to Option B. She said that department heads prepare their budgets and ask for the funds they need to run their departments on a daily basis.

The City Council did not agree with Councilor Whitehouse's recommendation to reduce each of the four budgets by an additional 1%.

Mayor Marchand announced that everyone would favor Option A and there is not a consensus to move forward with Option B.

Assistant Mayor Ferrini said that he would support either Option A or Option B and he feels that the departments could find the additional \$100,000.00 without impacting services.

Mayor Marchand declared a brief recess at 8:25 p.m. At 8:30 p.m., Mayor Marchand called the meeting back to order.

The City Council did not agree to move forward with Option B.

The City Council agreed to move forward with Option A.

Councilor Smith thanked the City Manager for taking the recess and speaking to the department heads about further reductions to the budget.

V. Review of Resolutions for Budget Adoption

City Manager Bohenko reviewed the Budget Resolutions provided to the City Council and asked if the Council would like to vote on the adoption of the budget on Monday, May 21, 2007 or Tuesday, May 22, 2007.

City Manager Bohenko spoke to the memorandum provided by Recreation Director Wilson regarding an increase to the board launch fees. The memorandum advised the City Council that the Recreation Board and Peirce Island Committee are recommending increases to the motorized and/or sailboard jet skis from \$10.00 to \$25.00 and the commercial boat launch fee from \$25.00 per launch to \$100.00. The Boards are suggesting that the fee increases go through the normal process of the fee committee, etc., and go into effect next summer, rather than try to rush them through this year.

The City Council agreed to accept the recommendation of the Recreation Board and Peirce Island Committee to raise the boat launching fees as outlined in Recreation Director Wilson's memorandum next year.

The City Council agreed to adopt the budget at their regular meeting of Monday, May 21, 2007.

VI. Adjournment

At 8:40 p.m., Mayor Marchand closed the meeting.

Respectfully submitted by:

Kelli L. Barnaby, CMC
City Clerk