

CITY COUNCIL WORK SESSION

Final Budget Review

May 14, 2008 – 6:30 p.m.

Eileen Dondero Foley Council Chambers

City Council Present: Mayor Ferrini, Assistant Mayor Blalock, Councilors Novelline Clayburgh, Dwyer, Smith, Kennedy, Spear and Raynolds

City Council Absent: Councilor Pantelakos

Staff Present: John P. Bohenko, City Manager; Dianna Fogarty, Human Resources Director; Judie Belanger, Finance Director; Andrew Purgiel, Controller; Alan Brady, Communications Supervisor; Dr. Robert Lister, Superintendent; Steve Zadavec, Assistant Superintendent; Gail Cunningham, Controller; Jon Frederick, Parking Manager; Rosann Maurice, Assessor; Steve Bartlett, School Business Administrator; Rick Hopley, Building Inspector; Maryann List, Library Director; David Allen, Deputy Public Works Director; Cindy Hayden, Deputy City Manager; Steve Parkinson, Public Works Director; Keith Bates, Welfare Director; Rus Wilson, Recreation Director; Karen Senecal, Police Budget Coordinator; Kim McNamara, Health Officer; Christopher LeClaire, Fire Chief; Michael Magnant, Police Chief; Len DiSesa, Deputy Police Chief; Steve Achilles, Assistant Fire Chief; David Holden, Planning Director; Sue McCann, Assistant Library Director; and Kelli L. Barnaby, City Clerk

Others Present: Richard Gamester, Fire Commissioner; Gerald Howe, Police Commissioner; Ann Walker, School Board member

I. Call to Order

Mayor Ferrini called the work session to order at 6:30 p.m.

II. Introduction

City Manager Bohenko spoke to the summary of information provided to the City Council on the proposed FY09 budget as of April 11, 2008. In addition, it outlines revisions from the May 12th public hearing as follows:

- Police Commission Proposed Reduction (\$43,159.00)
 - School Department Reduction in Property & Liability Premiums (\$55,000.00)
 - Capital Improvement Reduction (\$150,000.00)
 - Reduction in Health Insurance Premiums
 - *Municipal (\$40,000.00)
 - *Police (\$30,000.00)
 - *Fire (\$20,722.00)
 - *School (\$126,241.00)
- (\$216,963.00)
- Total (\$465,122.00)

- Delay in installing Parking Meters in the Parking Fund
Increase to Revenues in the General Fund \$150,000.00
- Net Difference \$615,122.00**

City Manager Bohenko reported that the budget would have an increase of 3.56% over FY08 based on the \$465,122.00 of reductions with a revised tax rate of \$17.05 and a difference of \$.71 over FY08. He also spoke to the summary of the Capital Improvement Plan (CIP) and a print out from the US Department of Labor indicating that the consumer price index (CPI) increase is 3.9%.

Mayor Ferrini said the \$.71 tax increase is a 3.5% increase and the increase for the CPI is 3.9%.

III. Budget Adjustments

Councilor Smith asked to address the CIP and suggested reducing it to \$1,000,000.00. He said that there are some projects that could be delayed until next year and allow for half of the funding this year and the other half next year.

City Manager Bohenko suggested as we work through this process the City Council come to a consensus on reductions.

Councilor Reynolds spoke to the process followed in preparing the CIP. He said that this budget has been reviewed in great detail and previous reductions have been made prior to this meeting. He recommended not reducing the CIP further but to keep the funding at the proposed level presented this evening.

Councilor Smith said he understands the importance of the CIP and its projects but he would recommend reductions that would not hurt projects or federal funding and grants. He spoke to the difficult economic times residents are facing and the need to give the taxpayers a breather for one year.

Councilor Kennedy said we are not supposed to discuss line items but only the bottom line. Mayor Ferrini said the Council makes a bottom line decision and we normally ask what the impact of recommended reductions would be.

City Manager Bohenko suggested the following reductions in the CIP:

- ❖ Reduce the Capital Contingency by \$75,000.00
- ❖ II-27 Land Acquisition remove \$25,000.00
- ❖ II-65 Ceres Street Improvement remove \$25,000.00

City Manager Bohenko reported if a project comes in and needs funding he could come back to the City Council for additional funding under the Capital Contingency. In the Land Acquisition we have over \$800,000.00 in the Conservation Land Fund and the Ceres Street Improvement project could be a 2-year project.

Councilor Spear asked how the Ceres Street Improvements relate to the Riverwalk project. Deputy City Manager Hayden said the Ceres Street Improvements could be done separately and it should be viewed as a separate project from the Riverwalk. Councilor Spear expressed concern with having construction equipment on Ceres Street over two construction seasons rather than just one and the disruption that could cause. City Manager said that the funding would be set aside one year with the second year construction taking place.

Councilor Spear made the following recommended reductions:

- II-22 Community Notification System remove \$30,000.00
- II-24 New Police Station Feasibility Study remove \$25,000.00
- II-54 Downtown Signage and Pedestrian Wayfinding System remove \$40,000.00

City Manager Bohenko spoke to the importance of the Wayfinding System project and noted that it has been in the plan for several years. He advised the City Council that there are a number of business groups seeking a Wayfinding System and recommended keeping the funding in place.

Councilor Novelline Clayburgh suggested the following reductions:

- II-24 New Police Station Feasibility Study remove \$25,000.00
- II-28 Historic Markers remove \$10,000.00

City Manager Bohenko advised Councilor Novelline Clayburgh that the historic markers are a public private partnership and the funding is necessary.

Councilor Novelline Clayburgh asked if it is necessary to complete the II-34 Market Square Handicap Ramp Reconstruction this year. Public Works Director Parkinson said that we have had a member of the Governors Commission come to the City to review our handicap ramp and improvements are required.

Councilor Novelline Clayburgh asked if we could put off II-35 Municipal Complex Site Improvements. Public Works Director Parkinson informed the City Council that this project has been delayed for the last 3-years and upgrades need to be made.

Councilor Novelline Clayburgh asked if II-38 City Wide Facilities' Capital Improvements project could be reduced or removed for future year funding. In addition, she suggested reducing II-54 Downtown Signage and Pedestrian Wayfinding System.

Councilor Smith asked if we could increase the sidewalk bond for the funding necessary for II-34 Market Square Handicap Ramp Reconstruction.

Councilor Dwyer inquired as to the general funding in the School Department budget relative to Cost Center 207 and if the entire \$400,000.00 is required. School Business Administrator Bartlett said that the \$400,000.00 is required to balance the budget and if funds are taken from that we will have a deficit that will need to be made up.

Councilor Raynolds asked what the School Department currently spends for trays and utilities to provide school lunch. School Business Administrator Bartlett advised Councilor Raynolds he does not have that figure available this evening but could provide it to the City Council.

Councilor Kennedy asked if the PEEP Program and PASS Program are self sustaining. Business School Administrator Bartlett said that PASS is and PEEP is funded from the general fund. He advised the City Council that funding has evolved and tuition is not covering the costs for the programs. He informed the City Council that the cost fund is in transition. City Manager Bohenko said the problem arose because we were not taking the funds necessary to represent the costs of our students in the special education programs.

Councilor Spear asked why the tuition is decreasing. School Business Administrator Bartlett said there are not as many districts sharing the costs therefore; we need to put up more of the expense.

Councilor Dwyer recommended removing the word contingency when referring to the \$400,000.00.

Councilor Kennedy said she is perplexed with the overtime costs in the City overall. She said she would like each department to review their overtime costs. City Manager Bohenko said we will have a report at the next City Council meeting regarding our overtime tracking for the Police, Fire and Public Works Departments. He said in the Fire Department overtime is based on contractual obligations. He reported that the Police Department tracks their overtime by cause, hour, dollars and why the individual was replaced. He said overtime at the Public Works Department is done on an emergency basis or to assist in events.

Councilor Kennedy asked if we could get figures as to how much Pease costs the City and how much revenue we are receiving. City Manager Bohenko explained the difference between the 2 areas at Pease – the airport district and outside the airport district.

Councilor Dwyer said she likes how we are looking at the increase in the tax rate and the increase in expenses which are not the same. She said she would like to look at the components of the budget. City Manager Bohenko advised the City Council that expenses represent a 3.5% increase.

Councilor Raynolds asked if money could be saved in the overtime account by hiring additional firefighters. Human Resources Director Fogarty said you need to factor in benefits and it would cost more to hire additional fire fighters than to replace them at time and half. Fire Chief LeClaire said that vacancies occur on a daily basis and you would need to hire in groups of 4.

Councilor Kennedy suggested hiring a firefighter that would rotate. City Manager Bohenko said that would require collective bargaining to do so.

City Manager Bohenko recommended not bringing the CIP below \$1,000,000.00. He informed the City Council that he has reviewed the funding over the last 4 years for Tax Anticipation Notes and he feels comfortable reducing that by \$50,000.00.

Councilor Smith recommended reducing the Tax Anticipation Notes by \$50,000.00 as suggested by City Manager Bohenko.

Councilor Dwyer said it is important to remember that the cost of improvements will only increase over time.

Councilor Smith advised the City Council that he is not looking to put projects off but we need to prioritize them.

Councilor Raynolds spoke opposed to reducing the funding for the Ceres Street Improvements.

At 8:05 p.m. Mayor Ferrini called for a brief recess. Mayor Ferrini called the meeting back to order at 8:10 p.m.

Mayor Ferrini requested City Manager Bohenko summarize where we are presently in terms of recommended adjustments.

City Manager outlined the following:

Capital Contingency to be reduced by \$75,000.00
II-27 Land Acquisition to remove the funding request of \$25,000.00
II-65 Ceres Street Improvements to be reduced by \$25,000.00
II-24 New Police Station Feasibility Study to remove the funding request of \$25,000.00
Tax Anticipation Notes to be reduced by \$50,000.00

Dr Lister, Superintendent said in the spirit of cooperation there are three individuals retiring from the School Department that are currently at top step and the School Department will replace them at a different rate for a reduction of \$46,000.00.

City Manager Bohenko recommended reducing the Fire Department overtime by \$23,000.00. He informed the City Council with the reductions as outlined the tax rate would be at \$16.98 for an increase of 3.9% which will bring the tax rate in at the rate of inflation. The tax rate would reflect a \$.64 increase over FY08.

Councilor Smith noted that the City portion reflects a \$.52 increase without the increase in the State and County portion.

Councilor Raynolds spoke opposed to reducing the funding for the Ceres Street Improvement and said he would strongly recommend leaving the funds for this project to move forward.

Assistant Mayor Blalock said that he is pleased that the City Council is able to achieve the goal of not going higher than the rate of inflation. The recommended reductions to the CIP will not cause problems for the future. He said that there have been compromises made by all departments and thanked the City Manager and staff for their hard work in preparing this budget.

Councilor Dwyer said that she would not delay the Ceres Street Improvement project. City Manager said that funds have been set aside for this project in the past and he would discuss this project with Public Works Director Parkinson to insure that we achieve what is necessary for the improvements.

V. Review of Resolutions for Budget Adoption

City Manager Bohenko requested that Finance Director Belanger and Controller Purgiel provide the City Council with copies of the Budget Resolutions. City Manager Bohenko reported that there are six proposed Resolutions that are part of the annual budget adoption process.

Resolution #1 is pertinent to General Fund expenditures. In this Resolution the proposed appropriations for the Municipal, Police, Fire, and School departments as well as non-operating appropriations are listed separately.

Resolution #2 adopts Municipal Fees that have been recommended by the Fee Committee. The total revenue generated from these fees is estimated at \$872,000.00 or 1% of the total FY09 General Fund Revenues.

Resolution #3 sets the expenditure levels and user rates for the Sewer fund. The adoption of this resolution includes a two step, inclining block rate structure.

Resolution #4 sets the expenditure levels and user rates for the Water fund. Similar to Sewer, the adoption of this resolution will include a two step, inclining block rate structure.

Resolution #5 allows for the expenditure of Special Revenues and Designated Fund Balances. This allows the City to expend from designated fund balances, donations and Federal and State Grants as they are accepted and received.

Resolution #6 deals with the adoption of an annual investment policy. State law requires the annual adoption of such a policy by every city and town.

Mayor Ferrini said if there is a consensus of the City Council with regards to the Budget Resolutions we will move forward and have the adoption of the budget take place at the June 2, 2008 City Council meeting.

VI Questions and Discussions

Councilor Spear recommended removing the \$30,000.00 funding request for II-22 Community Notification System from the CIP. He said that he would not want to be notified by telephone as this system would do. City Manager Bohenko said that the staff feels that this is an integral tool for the City. He advised Councilor Spear that we could set the system to not notify individuals of notices that choose not to receive them. Police Chief Magnant spoke to the benefits of such a system. He advised the City Council that the Police Department experienced a flood of calls during the recent earth quake and this system could have been utilized to notify individuals of the situation.

Chief Magnant recommended that the funding remain in place for this valuable project. Councilor Kennedy expressed concern relative to future additional costs for such a system. Chief Magnant said there are reoccurring costs with any system put in place.

Councilor Dwyer spoke in support of the funding for the project. Councilor Spear advised the City Council that he would now support the funding based on the comments of Chief Magnant. Councilor Kennedy said she feels that the Council needs to be aware of reoccurring costs and its affect on the taxpayer. City Manager Bohenko informed the City Council that two columns will be added to the CIP next year, one with prior year funding and the other for maintenance of the item.

City Manager Bohenko advised the City Council that he will provide them copies of the new summary sheets based on the changes this evening.

Councilor Smith said he would like to see a consolidation of services and that the City Manager continues to work on this matter and bring the issues forward maybe in August.

Councilor Kennedy thanked the School Department for coming forward with additional reductions based on the three upcoming retirements.

Councilor Reynolds announced that Friday, May 16, 2008 is Bike/Walk to Work Day.

VII. Adjournment

At 8:45 p.m., Mayor Ferrini closed the meeting.

Respectfully submitted by:

Kelli L. Barnaby, CMC/CNHMC
City Clerk