

**MINUTES OF THE
BUDGET/MANAGEMENT COMMITTEE**

MAY 3, 2004

PRESENT: Ken DiFazio (Chairman), Sue Kay, Colin McPherson, Paul Leary
And Michael Molisse

OTHERS: Richard Swanson, Jane Hackett, Jim Wilson, Greg Shanahan

Chairman DiFazio called the Budget/Management Committee meeting to order on Monday, May 3, 2004 at 6:30 p.m. in the Council Chambers.

APPROVAL OF PRIOR MINUTES

Councilor Kay MOTIONED to approve the Budget/Management minutes of April 13, 2004. Councilor Molisse seconded. VOTED 4-0 (McPherson late)

04 081 – Operating #1 Appropriate \$1.25 million from the stabilization fund.

Mr. Wilson said this measure will balance the budget. The fund has a balance of \$3.1 Million if approved it will be reduced to \$1.85 million. The reason this is being utilized is because they do not have confidence the state will come up with the SBA payment in FY05. Mr. Wilson has specifically mentioned this to the Town Council many times. The first ban payment is due in FY05 and should be around \$900,000 and we are going out to bid on it May 11, 2004.

Councilor Leary asked if we are adding to the stabilization fund this year? Mr. Wilson said once we have free cash or other funds available in the fall they may do a measure then. At this point the operating budget assumes full use and there is an assumption of no repayment into the stabilization fund. The Mayor is watching this and will make every effort to replace it.

Councilor Kay asked how this will be viewed by our bonds. Mr. Wilson said they anticipated this. They are more concerned about the use of the reserve fund. We have a track record of putting money back in the stabilization fund and they don't seem to be concerned with that.

Councilor Kay asked if the intent was to replenish at a least a portion of the money if the SBA comes through. Mr. Wilson said the Mayor is mindful of the stabilization fund and what it does.

Councilor McPherson arrived

Councilor Leary MOTIONED to recommend favorable action to the full town council on measure # 04 081 to appropriate \$1.25 million from the stabilization fund to the FY05 budget. Councilor Molisse seconded. VOTED UNANIMOUSLY

Mr. Wilson reminded committee that this will require a 2/3rds vote at the full town council.

04 082 – Operating #2 Appropriate \$710,000 from Sale of Town Owned Land

Mr. Wilson said the balance in fund 4903 is \$719,939. The town will be looking at this fund more once we go into tax foreclosures. Once a property is foreclosed on it is owned by the town and the town takes title. When we sell the property the proceeds go into this fund and from there we transfer out. The planning dept has put together a list of town owned land to sell and a list of properties to foreclose on. They have identified 18 parcels which are currently in land court. This is something we will be hearing more about as Mr. Wilson intends on keeping the budget/management and the full council up to date on this.

Councilor DiFazio asked when we foreclosed on a property and Mr. Wilson said the last time was in 1988-89. We have been putting property into tax title and into land court. This procedure is new to us.

This money is being used to balance the budget.

Councilor Leary said if we never foreclosed then where has the \$710,000 come from. Mr. Wilson said we sold two fire stations and had an auction on some town owned land.

Councilor Kay MOTIONED to recommend favorable action to the full town council on measure # 04 082 Operating #2 Appropriate \$710,000 from sale of town owned land. Councilor Molisse seconded. VOTED UNANIMOUSLY

04 083 – Operating #3 Appropriate \$250,000 from Free Cash for FY05 WC Fund

Mrs. Hackett said there is approximately \$425,000 in the WC Fund 8101. Since then the Town Council has approved \$285,000 in additional appropriations through Water and Sewer retained earnings which brings the balance to \$700,000. With the addition of this \$250,000 it will be \$950,000. Expenditures will continue in this account for the remainder of the calendar year. There is \$300,000 in outstanding reserves for open claims. There are 11 open claims which average \$500,000 a year in payments out of this account. This is to address an audit issue to fund outstanding liabilities and loss history.

Councilor McPherson asked what our target is. Mr. Wilson said they are trying to anticipate what they will spend in the next fiscal year and if they have sufficient reserves for what is on our books and records. Mrs. Hackett has an excellent handle on this. To

have it up to a balance this will cover any known or anticipated claims and maintain that balance.

Mrs. Hackett said they going to see some changes in FY05 regarding 111F to be able to directly pay the medical benefits on police and fire. This will save us a lot of money and give us a better handle on our own loss and financial exposure.

Councilor Kay MOTIONED to recommend favorable action on measure #04 083 to appropriate \$250,000 from free cash for FY05 workers comp fund 8101. Councilor Molisse seconded. VOTED UNANIMOUSLY

04 084 – Operating #4 Appropriate \$250,000 from Free Cash for FY05 Revaluation costs

Mr. Wilson said this has been mandated upon us. This is the 3rd of a three year contract. The first two years were \$50,000 each for a total of \$350,000 for three years of revaluation. Starting in 2005 we are required to do it every year. The base line cost will be \$250,000 for the 1st two years and \$350,000 for the 3rd year. We are going from a \$350,000 expenditure to a \$850,000 over a three year period with no net gain to the town other than doing valuations every year.

Councilor Kay questioned the thought process on this. Mr. Wilson said proposition 2 ½ requires full and fair market value. Because residential property has been going up so much the DOR feels they need a full valuation every year to keep on top of it.

Councilor DiFazio asked if we are going to fund it through free cash every year and it was stated that they hope not.

Councilor McPherson asked if there has been any effort of communities to push back. Mr. Wilson said yes and the governor's office is reluctant to make any change. The legislature has become involved in the process.

Councilor McPherson feels the council should pass a resolution on this. Councilor Kay agrees as this is an unfunded mandate.

Councilor McPherson believes that prop. 2 ½ covers this mandate.

Chairman DiFazio suggested that a resolution be put in writing and submitted to the full town council.

Councilor Molisse MOTIONED to recommend favorable action to the full town council on measure # 04 084. Councilor Kay seconded. VOTED UNANIMOUSLY

04 085 – Operating #5 Appropriate \$210,000 from Free Cash for FY05 Fuel Depot

Mrs. Hackett said they discussed this during the DPW budget review. In FY04 this line item is funded at \$204,000 and they are projecting an increase for FY05. We are going out to bid on this.

Chairman DiFazio asked if this should be in the DPW budget and it was stated yes.

Councilor Kay reminded all that at some point this will be back in the budget that has a zero in that line item right now.

Councilor Leary MOTIONED to recommend favorable action on measure # 04 085 to the full town council. Councilor Kay seconded. VOTED UNANIMOUSLY

04 086 – Operating #6 Re-appropriate \$96,044 from CP Residual fund for FY05 Fire Truck Lease Payment

Mrs. Hackett said this also was discussed during the fire department budget review. The Mayor anticipated funding this through the capital expenditure line in the fire department budget but after conversations with Mr. Wilson decided this was another line they could pull out and pre fund through the utilization of the CIP account.

Mr. Wilson said the measure does not say where the money is coming from but it is from the CIP Residual fund 3416. The balance is under \$106,000 and this will bring it down to about \$10,000. This is the 2nd year of a 5 year note.

Councilor Kay MOTIONED to recommend favorable action to the full town council on measure # 04 096. Councilor Leary seconded. VOTED UNANIMOUSLY

04 090 – Operating #10 Donation Account

Mrs. Hackett said this measure has been titles wrong. It should say Operating #10 Revolver Account. The text is correct.

Mr. Wilson said when we charge fees for certain things or are given grants we are required to set limits to accept and expend.

Councilor McPherson asked if they are the same as last year. Mr. Wilson said yes except Parks and Recreation limits went up from \$175,000 to \$250,000 because we are not sure how much money will be received.

What does the limits to accept to? It was stated that it is consistent with the ordinance but it can be over ridden and accepted if they get more than authorized. Councilor Kay asked what happens if they accept more then what they can expend. Mr. Wilson said it stays in the account.

Councilor Kay MOTIONED to recommend favorable action to the full town council on measure # 04 090 Revolving Account. Councilor Molisse seconded.

VOTED UNANIMOUSLY

04 091 – Operating #11 Revolver Account

Mrs. Hackett said this measure has been titles wrong. It should say Operating #11 Donation Account. The text is correct.

Councilor Leary MOTIONED to recommend favorable action to the full town council on measure # 04 091 Donation Account. Councilor Kay seconded.

VOTED UNANIMOUSLY

Councilor McPherson asked since we no longer have DARE what happens to that money and Mr. Wilson said it stays in those accounts unless the town council closes them and the money would fall to free cash.

Chairman DiFazio said after the public hearing on the budget the committee will meet alone without administration or department heads and discuss the budget.

Councilor Leary said we are scheduled for budget discussions on May 13, 2004.

Mrs. Hackett said the school department asked her to forward this summary sheet regarding their budget for tomorrow night. This was distributed to all members.

ADJOURNMENT

Councilor Kay MOTIONED to adjourn at 7:25 p.m. Councilor Leary seconded.

VOTED UNANIMOUSLY

Respectfully submitted by

Lee Hultin, Recording Secretary

Approved by: _____