

TOWN OF WALLINGFORD, CONNECTICUT

Special Town Council Meeting

MAY 3, 2010

BUDGET WORKSHOP

The following Minutes are the record of a Special Budget Workshop Meeting of the Wallingford Town Council which was held in the Robert Earley Auditorium of Town Hall. Chairman Robert F. Parisi Called to Order at 6:00 P.M. on Monday, May 3, 2010. Responding present to the Roll Call given by Town Clerk Barbara Thompson were Councilors Vincent Cervoni, Nick Economopoulos, Jerry Farrell, Jr., Craig C. Fishbein, John LeTourneau, Robert F. Parisi, Rosemary Rascati, John J. Sullivan and Vincent F. Testa, Jr. Mayor William W. Dickinson, Jr. and Comptroller James Bowes were also present.

The meeting began with A Moment of Silence. Those in attendance recited the Pledge of Allegiance. The Roll Call was taken.

3. BUDGET WORKSHOP

ECONOMIC DEVELOPMENT

*In attendance: Richard Nunn, Chairman Economic Development Commission
Tom Collette Commissioner
Doreen DeSarro, Business Recruiter
Don Roe, Economic Development Commission Coordinator*

Mr. Roe made general comments regarding the budget in that the bottom line mirrors last year's budget. The Town Council raised questions with regard to the following line items of the Economic Development budget: 6020 – Promotional Expenses; 4000 – Office Expenses & Supplies; 7990 – Meetings, Seminars & Dues. The discussion focused on a new, national, aggressive plan for economic development and how efforts might be channeled from the Commissioners as well as staff with a budget to support it. The Town Council inquired about the website; newsletters; attendance at trade shows; general increased exposure of the EDC to attract new business; raising the bar; more detail and backup to support budget in future; suggestions for EDC to get involved in sports tournaments like TWIST and Battle of the Bands that bring people into town. EDC receives 70-100 leads per year, work with WorkForce Alliance; EDC is ombudsperson for town; Commission has three standing committees

MOTION Mr. Farrell made a motion to Adopt the budget Economic Development Commission.

SECOND Mrs. Rascati seconded.

VOTE A nine (9) Councilors present voted Aye

The motion passed.

YOUTH & SOCIAL SERVICES

*In attendance: Craig Turner, Director Youth & Social Services
Don Roe, Supervisor Youth & Social Services*

The Town Council inquired about the following line items and programs of the Youth & Social Services budget:

9021 – Community Grants; 4001 - Office Expenses & Supplies; Substance Abuse Programs – Red Ribbon Week, Awareness Breakfast, Youth Awards; 3201 – Transportation Reimbursement; 3000 – Gas & Oil for two program vehicles; 5000 – Maintenance of Equipment – mostly preventative; Reduction of Family Day Program at the Family Y; 6600 – Youth Projects – two domains, Substance Prevention and Education & Intervention Positive Youth Development Programming, Peer Advocate Program training, transportation, etc., specifically presentations without the police; 7990 – Meeting Seminars and Dues; no threat to the delivery of services if transportation reimbursement is reduced

MOTION Mr. Fishbein to reduce Line 3000 Gas & Oil to \$250. He amended the motion to \$350.

SECOND Mr. Testa seconded.

VOTE	Cervoni	Yes	Letourneau	Yes
	Economopoulos	No	Rascati	No
	Farrell	No	Sullivan	No
	Fishbein	Yes	Testa	No
			Chairman Parisi	Yes

5 Nay; 4 Aye

The motion failed.

MOTION 2 Mr. Fishbein made a motion to reduce 3201 Transportation Reimbursement from \$1,200 to \$500. He amended the motion to \$750.

SECOND Mr. Testa seconded the amended motion.

VOTE

Cervoni	Yes	Letourneau	Yes
Economopoulos	Yes	Rascati	Yes
Farrell	Yes	Sullivan	Yes
Fishbein	Yes	Testa	Yes
		Chairman Parisi	Yes

9 Aye

The motion passed.

MOTION 3 Mr. Fishbein made a motion to reduce Line 5000 Maintenance of Vehicle from \$1,000 to \$500

MOTION WITHDRAWN

Mr. Fishbein withdrew the motion considering the fact that the car is five (5) years old.

MOTION 4 Mr. Sullivan made a motion to accept Youth & Social Services budget as amended.

SECOND Mrs. Rascati seconded.

VOTE (called out in the order of seating at the table)

Economopoulos – yes	Testa – yes	Sullivan – yes
Rascati – yes	Farrell – yes	Fishbein – yes
Cervoni –yes	LeTourneau - yes	Testa
	Chairman Parisi – yes	

9 Aye

The motion passed.

PROGRAM PLANNING

In attendance: Don Roe, Director Program Planning

The Town Council inquired about the following budget Lines with Mr. Roe.

4000 – Office Expenses & Supplies; 7990 Meetings Seminars & Dues; 9032 –Purchased Services – Internet Consultant

MOTION Mr. Farrell made a motion to adopt the Program Planning budget.

SECOND Mr. Fishbein seconded.

VOTE (called out in the order of seating at the table)

Economopoulos – yes	Testa – yes	Sullivan – yes
Rascati – yes	Farrell – yes	Fishbein – yes
Cervoni –yes	LeTourneau - yes	Parisi – yes
9 Aye		

The motion passed.

GOVERNMENT TELEVISION

*In attendance: Scott Hanley, Manager Government Television
Don Roe, Director Program Planning*

The Town Council discussed with Mr. Hanley and Mr. Roe Line 9010 – Purchased Services – Engineering; 9910 – PEGPETIA – Council TV system; staffing; DVD production; 4000 – Office Expenses & Supplies; meetings on the internet; 9909 – Distribution Equipment; production schedules;

MOTION Mr. Farrell made a motion to adopt the Government Television budget.

SECOND Mr. Fishbein seconded.

VOTE (called out in the order of seating at the table)

Economopoulos – yes	Testa – yes	Sullivan – yes
Rascati – yes	Farrell – yes	Fishbein – yes
Cervoni –yes	LeTourneau - yes	Parisi – yes
9 Aye		

9 Aye

The motion passed.

ANIMAL CONTROL

*In attendance: Lisa Seyler, Animal Control Officer
Dean Rizzo, Assistant Animal Control Officer*

Questions were asked with regard to the following budget line items: 4000 Office Expenses & Supplies; 9015 Purchases Professional Services – Veterinary; 4100 Pound Operating Expenses; use of gift for extraordinary surgeries, kennel overhead ventilation; beds; outdoor kennels and new doors on kennels. Ms Seyler spoke about printing, advertising, vet services and use of different vets, heartworm, disinfectant, dog and cat food, kitty litter, rabies shots,

MOTION

Mr. Fishbein made a motion to adopt the \$158,640 animal control budget.

SECOND

Mr. Testa seconded.

VOTE All Councilors present (9) voted Aye.

The motion passed.

TOWN CLERK

In attendance: Barbara Thompson, Town Clerk

Items of discussion included 9024 Purchased Professional Services – Computerized Index an ongoing process; 4000- Office Expenses & Supplies budget line reduction to change printer paper type to Cott causing increase in 9024 as is noted also in the Town Clerk’s budget detail statement; Land Records; Historic Document Preservation Fund; new laws with regard to information technology and new computer for Vital Statistics and possible international absentee ballot transmission to overseas military and access to Registrars’ database; 9903 vault shelving; CRV System.

MOTION

Mr. Fishbein made a motion to adopt the Town Clerk budget as proposed by the Mayor.

SECOND

Mrs. Rascati seconded.

VOTE All Councilors present (9) voted Aye.

The motion passed.

MAYOR

In attendance: William W. Dickinson, Jr., Mayor

Lines 7990- Meetings. Seminars and Dues-look for duplication in membership dues, QCC; Personnel –part-time listed as seasonal for coverage and records disposal; 9002 - Purchased Professional Services – Negotiations – arbitrators for any bargaining unit except Utilities and Board of Education, does not include attorneys’ fees; Mayor’s Salary increase discussion; technology and where is the savings, direct deposit.

MOTION

Mr. Farrell made a motion to adopt the Mayor’s budget as proposed by the Mayor.

SECOND

Mr. Fishbein seconded.

VOTE

All Councilors present (9) voted Aye.

The motion passed.

FINANCE DEPARTMENT *In attendance: James M. Bowes, Comptroller*

TAX DEPARTMENT

ASSESSOR’S OFFICE

PURCHASING DEPARTMENT

Mr. Bowes discussed with the Town Council Personnel; 9005 Purchased Professional Services – Software Support, new company; 9905 Personal Computers-network replacement program; 2000 - Telephone – four office plus the old trunk, long distance calls reduction by using email discussion.

MOTION 1 Mr. LeTourneau made a motion to reduce Line 9910 by \$8,000 to \$12,000

SECOND Mr. Fishbein seconded.

VOTE All Councilors present (9) voted Aye. The motion passed.

MOTION 2 Mr. LeTourneau made a motion to reduce Line 9915 by \$1,100 to \$0

SECOND Mr. Fishbein seconded.

VOTE All Councilors present (9) voted Aye. The motion passed.

MOTION 3 Mr. Farrell made a motion to adopt the Finance budget as amended to include Tax, Assessor and Purchasing

SECOND Mr. Fishbein seconded.

VOTE All Councilors present (9) voted Aye. The motion passed.

RECESS Chairman Parisi called a recess at 9:12 p.m. The meeting was reconvened at 9:22 P.M.

DEBT SERVICES *In attendance: James M. Bowes, Comptroller*

Mr. Bowes responded to inquiries with regard Line 9000-Administration & Registration pays for Bonding costs-Bond Counsel, Credit Rating Agencies, Advertising. Mr. Bowes said that the increase is due to bonding of the MacKenzie Reservoir dredging and General Government bonding.

Mr. Testa and Mr. Bowes addressed the General Fund Revenue Summary, Page 9, Fund balance contributions to the Revenue side of the budget was \$5,800,000 of which \$5,000 is from the audited cash balance. The coming year was to lower it to \$5,000,000. Our budget balance would be the difference between the expenditures and our revenues for fiscal year ending June 30, 2009. Mr. Bowes stated that out operating deficit or operating balance at the end of the year – revenues versus expenditures, we were about \$300,000 to the good, which gets closed into the fund balance. Mr. Testa

asked about past cash balance contributions and the amounts. It was determined that on the audit for fiscal year ending 6/30/2009, there are two numbers to work with the undesignated unreserved fund balance (audit page 64), the free fund balance, the true rainy day fund; and then there is designated for future budget or 2009-2010 and that is where \$5,800,000 is.

Mr. Bowes said that he adds \$11,754,000, and the \$5,800,000, and he compares it to what they anticipate this fiscal year's operations to be, and then go forward from there. He said at that point nothing else that happened in fiscal year 2009, 2008, etc. matters anymore. He continued stating that all the 6/30/2009 financials are showing is a snapshot of the financial position of the town at that date. He takes those two amounts and adds them together, try to project what won't be replenished of that \$5,000,000 in the current year, and then try to leave an appropriate amount to cover our credit rating and something for the following fiscal year after that. Mr. Testa focused on the \$11,800,000 undesignated and asked about the formula to determine the credit rating. Mr. Bowes said 5% of the budget undesignated, and in this case about \$7,000,000.

Mr. Testa stated that theoretically, if we had \$11,800,000 undesignated, and we had to make sure that we had at least \$7,000,000 that continues to be undesignated to maintain our credit rating that leaves about \$4,800,000 additional, free, undesignated money that you could use without jeopardizing the standing with the credit agency. Mr. Bowes agreed. His second point was returning the bulk of the \$5,800,000 into the fund balance. Mr. Bowes agreed if our deficit is not greater than \$5,800,000 that get replenished into the undesignated fund balance, that's correct. To answer subsequent questions asked by Mr. Testa, Mr. Bowes stated that by law municipalities in Connecticut have to have a balanced budget, unlike the state and you have to make the assumption that you are not going to utilize any of that \$5,800,000. He said that there are a lot of things out there that he can't see and that he tries to take a very cautious approach.

Mayor Dickinson said that if you start with the knowledge that once that is appropriated, it is a revenue. He doesn't agree with gap accounting because it pretends that this is not an ordinance, a legal document, which appropriates money. He said that once that is appropriated in this budget, it is no longer in reserves. That is revenue for this budget and that is what the gap accounting refuses to recognize. He said that you have to be careful because it will never end up at zero. It will either be deficits or money left over. He said that once you start into that deficit picture that it is extremely difficult to get out. There are towns within the space of two or three years have gone from \$7 million plus surpluses to \$4 million, \$5 million or \$6 million deficits, which is in essence is a \$12 million or \$14 million turn-around. It takes three times the amount of time to build it back as it does to spend it. Mr. Testa stated that it seems that we are over-estimating the expenditures to the extent that we are requiring this \$5 million, and we don't spend it because we have it at the end of the year and that in going through the budget line by line, he can't find it.

Mayor Dickinson stated that there are major factors here that are estimates – interest earned, earned income – and at one time that was \$1.4 million, and we are now down to \$300,000. That is a million dollar turn-around just on that and then you have to deal with the collection rate, and then what grant will come in and for what, what the special education will be when it was at 100% and now it's at 70%, and that it hundreds of thousands of dollars. There is the Manufacturers Machinery Grant and in mid-year it was dropped down from 85%. He said those are big numbers. You can assume that you are going to get the worst and till you can be hurt. Mr. Testa stated that it could be a 3% swing and it could eat this all up. Mr. Bowes agreed. Mayor Dickinson said that our understanding is one thing, and then you look at the auditors, the credit rating agencies and how do people who see this everywhere view what we are doing, and we are following a track that seems to stand up to the test in good and bad times, and at that point you are at the best place perhaps you can be. At this point we are not hurting the town or giving people good cause for saying. "What are they doing with the community's assets?" He said that

is the biggest trust that we are depended upon to provide –what are we doing with the community’s assets and are we providing services with them.

Mr. Bowes, referring to a revenue challenge for the Fiscal Year 2010-2011, stated the status of the Education Cost Sharing (ECS) grant for 2010-2011 will be changing by \$3,051,000, or 14%, and be replaced by federal stimulus funding to make the municipalities whole. He said that for 2011-1012 the state will need to replace those funds but he asked from what source. Mr. Testa acknowledged this state of affairs and said that perhaps the town will need to use \$3 million of that \$5 million in future years to make up for the loss of revenue from the state. He added that even in the worst years that we can anticipate, we still have the strong reserve. He said that his last point is that with all of that understood, we are then in a position of the philosophical argument of ‘what is a rainy day fund.’ There was discussion regarding the fund balance and the rainy day fund. Mr. Bowes stated that at 6/30/09 the balance was \$11,800,000 plus the \$5,800,000. He said subtract out \$1,500,000 of the \$5,800,000, which will not be replenished which gets us to \$16,000,000 and subtract out the \$5,000,000 that is being used for 2010-2011, which gets us to about \$11,000,000. He said now account \$7,000,000 for the credit reserve but said he would push it to \$8,000,000, and the remaining would be \$3,000,000 of wiggle room that is above and beyond the credit rating. He said this is where we agree, and this is anticipated at the end of this fiscal year. Mr. Testa added to that the amount that has been designated for subsequent year’s budget. Mr. Bowes said he agreed - that’s correct. Mayor Dickinson said that is making the assumption that at the end of this fiscal year that you will have that money –it is anticipated, and until you have an audit, you don’t know that you have the money. He said that the year the town doesn’t have it, is when there is trouble. He stated that is why Mr. Bowes is trying to reduce that taking out the remaining \$800,000. Mr. Testa said we don’t know how much of the \$5,800,000 is going to go back in but what we do know with certainty because it is audited is the \$3,000,000 to \$4,000,000 that is already there above and beyond that. He asked Mr. Bowes if that was correct. Mr. Bowes said that was correct.

The Veterans’ Service Center was discussed. Meriden will be sent an invoice in late July with documentation showing the costs and to estimate, he said around \$26,000, so that their 50% would be approximately \$13,000. The dispute with Meriden is in past years. Lines 6305 – Ordinances and Fines; 6520 – Legal - Proportional charges for services provided to the PUC by various departments of General Government; and 9050 –close out other funds from other bookkeeping funds were briefly talked about.

CONTINGENCY

In attendance: James M. Bowes, Comptroller

The Town Council and the Comptroller discussed Lines 3190; 3230 – Accrued Expenses – funds (\$327,486) placed there from the Personnel Director for the potential wage increases for the 1183 bargaining unit. Mayor Dickinson stated that it can be for more than one bargaining unit but it would be for covering that year but we don’t spell out how much is for any given bargaining unit. Mr. Fishbein asked if an arbitrator awarded an increase for prior years if this is he account that would be used. Mayor Dickinson said that would be money that would be reserved, typically it would be over multiple years and would gradually grow. Because of the economy and other factors, this is a figure that has remained constant and is being brought forward for the 2008-2009 fiscal year.

Mr. Bowes said that you will not see an expenditure on this line because when an award is granted and is accepted by the Town Council, the Personnel Director will come before the

Council and will request a transfer of those funds and the Council will authorize the transfer from those funds from that line item to every department that is affected.

Mayor Dickinson said that the number is a calculation based upon estimates of numbers and percentages of increase.

PROBATE

VETERANS' SERVICE CENTER

Mr. Farrell moved to adjourn. Mr. Cervoni seconded. All Councilors present (9) voted Aye. The meeting adjourned at 10:08 P.M.

Respectfully submitted,

Sandra R. Weekes
Town Council Secretary
Meeting digitally recorded

Robert F. Parisi, Town Council Chairman

Date

Barbara Thompson, Town Clerk

Date