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**SPECIAL MEETING OF THE TOWN COUNCIL
APRIL 14, 2010**

The Budget and Finance Subcommittee of the Wethersfield Town Council held a Budget Hearing on Wednesday, April 14, 2010 at 6:00 p.m. in the Library Community Room, 515 Silas Deane Highway, Wethersfield, CT.

Present: Chairperson of the Budget & Finance Subcommittee Manousos and subcommittee members: Councilor Hurley, Councilor Kotkin and Deputy Mayor Console welcomed Town Council Chairperson Hemmann and Councilors Drake, McAlister, Montinieri, and Roberts.

Also present: Jeff Bridges, Town Manager; Lisa Hancock, Finance Director; RaeAnn Palmer, Assistant Town Manager, and Dolores Sassano, Town Clerk

Jeff Bridges reported on the general overview of the proposed budget which increases the mill rate by 1.9 percent. Jeff Bridges stated that between the Town and Board of Education, spending is up approximately \$757,000. \$175,000 is on non-educational sources and \$565,000 on the Board. The Board of Education staff has identified approximately \$186,000 of reductions that can be taken from the Board to get to "0" based on \$420,000. The Town has identified \$150,000 from funds that won't be spent on healthcare; the pension number was high and that it will be adjusted down to about \$36,000. Between those two numbers, they reach \$234,000 or zero between both sides to get a 0 mill rate increase.

Councilor Roberts inquired on the unspent health fund and questioned if that was over and above what was needed to go into the healthcare reserve fund.

Jeff Bridges responded that based on projections, the Town's agent of record is projecting a \$750,000 surplus town-wide in the healthcare fund. In the town budget, he would use \$50,000 in the left over fund and apply it against what the Town would transfer into next year. From the Board's side because the expenses are split 75/25, he would recommend using \$200,000 of the \$750,000; letting the rest float to the reserve to give the Town a much higher reserve than the 10% targeted. The Town can then offset the increases at 8.4% increase in health insurance. The Town won't transfer as much next year to cover the projected costs. Jeff Bridges reported that the Grand List rose fractionally. One of the Town's long term issues may be dealing with the Board of Assessment appeals and establishing guidelines for a review of appeal cases.

Councilor Hurley asked if the Town grew because of being too aggressive.

Jeff Bridges responded that the Town budgets funds every year for personal property audits on commercial property. Depending on the outcome it can raise the ire of the property owner. If a property owner claims personal property of \$100,000 and the Town does an audit and the property owner really has a \$1 million in personal property, then the property owner is going to pay a lot more.

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REVENUES

Jeff Bridges reported that one of the biggest unknowns when talking about taxes is the motor vehicle supplement. The Town is showing a projection to come in light because the sale of new motor vehicles. Motor vehicles depreciate over time, so that number is lower than prior years because we are not anticipating the same number of newer vehicles being purchased in a stabilized value of the motor vehicles in town.

Councilor Hurley asked how conservative that number is.

Jeff Bridges responded that the Tax Collector projected that it is a realistic number.

Lisa Hancock reported that the Assessors worked with the Tax Collector. When looking at who is buying new vehicles, there are not many people buying new vehicles and making those changes throughout the year.

Councilor Montinieri asked Lisa Hancock if that is based on specific information that the Town is garnering from the DMV.

Lisa Hancock responded that for the motor vehicles side, the Assessor has looked at the trending, what has been happening especially in the current year. The Town has gone down from where it was going to be. The Town Assessor also looked at surrounding communities to see what is happening there as well. That was taken into consideration when putting together the supplemental number.

BUILDING INSPECTION

Jeff Bridges reported that building projections are projected to be leveling off. There was a spike in the current year because of roof repairs from the tornado. State owned property is about the same. The Pequot Grant which is a revenue sharing grant based upon the casinos is down. For the Education Cost Grant, the Governor's recommendation is what is in the budget.

Chairperson Hemmann inquired about the empty bus issue.

Jeff Bridges responded that the Committee left it alone because the attorney who represents the State is saying there is no legislation change necessary to implement those transportation changes.

Chairperson Hemmann asked if the Town could implement the changes.

Jeff Bridges responded that yes, according to the State Attorney.

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Councilor Manousos asked if there is an obligation for bus service if people opt out. Jeff Bridges responded that it could be taken up with the Board of Education.

Councilor Kotkin inquired about the 10% drop in Telecom property taxes.

Jeff Bridges responded that the statute provides for a depreciation schedule that reduces the value of that property. The increases are offset by the depreciation.

TOWN CLERK

Jeff Bridges reported that Dolores Sassano, Town Clerk is projecting some increases in recording fees, but overall it is static. Jeff Bridges reported that the cell tower rental fees are up because there are some new users on the Town towers. He reported that interests on investments have taken a huge hit. The prior year was \$500,000 it will be down almost half next year.

Councilor Kotkin inquired about what is the percentage of property taxes that is going to be paid.

Jeff Bridges responded 98.5%.

Councilor Kotkin inquired as to what is being seen this year and it should be the same next year.

Lisa Hancock responded that an analysis was done through the past few years as to where the Town has been. The concern that is being seen now is people coming in not being able to pay their tax bill and longer delays in paying tax bills. The town is taking a strong approach in trying to collect the taxes, but is seeing a lot more delinquencies. With the unknowns on the State level as far as state funds, what is going to happen in the economy, future layoffs, it is tough to push it to 99%.

Councilor Kotkin asked Lisa Hancock what she felt was going to be done for this year.

Lisa Hancock responded that they will probably be close to 99% of the grand list. She expects to collect 100% of the budget. The number reflected is somewhat conservative, based on what is going to be collected.

Councilor Kotkin asked if property values have been the same since the assessment and whether they have gone down or have they rebounded.

Jeff Bridges responded that The Hartford Courant reported that housing prices have gone down but are starting to rebound which will lead to higher assessments.

Councilor Kotkin referred to the statute that allows for reassessments based on geographic specifications. With regards to the Wilkus Farm purchase, once a space has been preserved as an

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open space, it is the proximity principal. The value of the homes that abut that space, after the closing of Wilkus Farms purchase, the Town could potentially do a reassessment based on geographic location of those homes surrounding the Wilkus Farm and homes within 1,000 to 2,000 feet have a significant increase in home values, there might be an opportunity. So rather than do a 1 ½ percent, maybe we can go down to a 1 percent adjustment, anticipating this opportunity.

Jeff Bridges responded that he would agree with that if a) a program was in place and b) it was adopted and it was already through the legislative process to be create and done, then to go ahead and do it. Jeff Bridges stated that he doesn't know what kind of legal hurdle, what kind of process the Town needs to go through to create that district and then perform those specific evaluations.

Councilor Drake stated that unless there are houses that sell for more money it's not going to make any difference. He asked if the investment income is purely an interest play or is the Town bound by that and can't go outside.

Lisa Hancock responded that there are State statutes that govern operating funds and the Town is limited to using dealings with banks within the State and certain tax exempt U.S. government securities.

Councilor McAlister asked how much did the Town save by not buying the Freddie Mac bond reissuance.

Deputy Mayor Console reported \$50,000.

Jeff Bridges stated that was the number given that night. The Town gained some of that back because of the market and it turning in the Town's favor.

Councilor Montinieri asked with regards to the interface between a possible 98.5 and 98.75 rate, is it possible to identify, to raise the amount of money to put in the fund reserve.

Jeff Bridges responded that the Town could reduce the amount of money pulled from fund balance, as projected \$700,000 in fund balance, so if that number is raised then the amount of the budget could be lowered. Jeff Bridges also stated that although it is being shown that \$700,000 is in the current year fund balance, it has not been transferred, it has not been booked. It is being projected that only \$150,000 to \$160,000 be used from that.

Councilor Hurley commented that it was not obvious that 98.5 is too low. He stated that with the economic conditions, the fall-out has not been seen yet.

Jeff Bridges stated that if that number is dropped to 98.75, property tax revenue would increase by \$176,000.

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Councilor Manousos stated that it should be kept the same.

Councilor Hurley stated that the number is not conservative and feels that the Town is in for a hard time.

Jeff Bridges stated that with regards to the question on investments, those are overnight rates, CDs.

Lisa Hancock added that the Town is trying to maximize, going out of state and up to the FDIC maximum that the statute allows us to do. The Town was doing well with those in the beginning of the year but even those are now down, now seeing .25%, .13%, .65%. It is very limited as to what can be done with general operating funds by statute.

TOWN COUNCIL BUDGET

Jeff Bridges stated that the budget for the Town Council is going down. The biggest reason is the contribution last year for the 375 Anniversary. There will be no fireworks this year also.

Councilor Roberts asked about the Senior Citizen Advisory Committee.

RaeAnn Palmer responded that \$2,000 is actually used for Senior Center events.

Councilor Roberts asked Councilor Manousos if the \$2,000 is being added back into the Senior Citizen Advisory Committee.

Jeff Bridges stated that the part-time wage increases need to be recalculated. Some were included in seasonal and some were not. There is about a \$4,000 difference in what was budgeted.

Councilor Roberts inquired about the Culture and Arts Committee.

RaeAnn Palmer responded they have reserve money.

Jeff Bridges stated that Safe Graduation was funded.

TOWN ATTORNEY

Jeff Bridges reported that the number was \$100,000.

Councilor Kotkin asked if the number would increase with regards to the Wilkus Farm purchase and Ethics issues.

Jeff Bridges responded that it has already gone past \$100,000.

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RaeAnn Palmer stated that she has estimated \$163,000 for the current year.

Councilor Robert inquired about the labor attorney fees.

RaeAnn Palmer responded that the number is up to \$133,000.

Jeff Bridges reported that \$10,000 is usually spent each year.

RaeAnn Palmer reported that the budget for Town Attorney started at \$115,000 in 06-07, and ended up spending about \$133,000. In this particular year it was \$176,000. This current year the Town can drop it to \$100,000 and \$133,000 has been spent to date and there are more bills to come.

Councilor Roberts asked if this included the ethics payment.

RaeAnn Palmer responded that some of it does.

DEBT SERVICES

Jeff Bridges stated that staff is still in the process of reconfiguring the long term debt service schedule resulting from the refinancing. The chart reflects what will happen with the debt service payments over the next few years. Lisa Hancock is still working with the underwriter to figure out which portion of the debt that was refinanced was school debt versus town debt.

Councilor Drake asked if the numbers reflect all the impact of the debt refinancing, and if so, is this number the number.

RaeAnn Palmer responded that it is.

Jeff Bridges stated that going further out, the question is whether the Town bond for different improvements and keep the \$3.75 million from escalating, and what kind of debt structure is being looked at. Numbers were run on a \$5 million bond, it escalates the debt service back over \$4 million to the first year and as the debt drops off, that number goes down. It is a timing function if improvements are added to the bond.

Jeff Bridges stated that if the Town were to bond \$5 million for improvements and the debt service is \$300,000 a year, why not raise the mill every 300,000 and keep it all for cash and not pay interest. He stated that finding a stable dedicated revenue stream for capital improvements is one of the goals that need to be identified and be able to encapsulate that against everything else.

Councilor Drake asked if the State has talked about not funding schools bond issues.

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RaeAnn Palmer responded that she has not heard of the State not doing that but certainly there is a slow down.

Jeff Bridges stated that generally speaking, the Town has a low debt per capita ratio.

TOWN CLERK

Dolores Sassano reported that during election years there are additional expenses, depending on a number of items and documents that go onto the land records. For a lot of things that are done, the department received grants from the State. Dolores Sassano stated that her budget changes every year because she focuses on what kind of election it is going to be that year, presidential versus primary.

Councilor Drake asked Dolores Sassano to review the personnel data.

Dolores Sassano reported that there is one full time person, Sue Schroeder, who handles the land records, the suits and claims that come into Town which entails processing and sending out to the appropriate people in town hall as well as the State's Attorney, billing for the state, collect money for the IRS and state agencies. The Town Clerk cannot charge more money than what the State statute states. The office also has two part-time assistants. One assistant does a lot of town council item. The Town Clerk's job, per State statute, is not to be Clerk to the Council but because of the Town Charter she is Clerk to the Council. Between herself and the three assistants, the office is cross trained and able to do each other's jobs. Everyone is assigned certain duties to handle on a daily and weekly basis. The Town Clerk's office is responsible to the reports for the State, transcribing Town Council minutes, posting Town Council notes on the web, and staying on top of any changes to the Connecticut General Statutes. The two part-time assistant clerks are Amy Bello and JoLynn Simoni. The Town Clerk's office is responsible for publishing a lot of information. The office has very basic costs in copying and binding. There is not of lot of expense for traveling or training. The office also has a legal abstracter who reviews the land records. All documents are microfilmed and stored offsite. The Town Clerk's office does all the legal ads.

Councilor Kotkin inquired about the reduction on the part time assistant.

Dolores Sassano responded that the new assistant has not had any training yet.

Councilor Kotkin inquired about whether the cost of the primary is in the budget.

Dolores Sassano responded that it was not in the budget. She did include overtime this year because of the primary. Because of the election, it depends on when it is and what type of election. There is a lot of advertisement for the primaries.

Deputy Mayor Console asked if people are still licensing their dogs.

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Dolores Sassano responded that the people are still licensing their dogs. State law requires dog licenses to be renewed each year in June, by July 1. It is also anticipated that title searchers are doing well and have a lot of business and will be continue to come into the office.

Councilor Kotkin asked about the conveyance tax and whether or not it has been extended.

Dolores Sassano responded that the State has been working on extending the conveyance tax and keeping it the way it is now at .0025.

Councilor Kotkin inquired about Dolores Sassano being successful in receiving competitive grants for records retention and asked it was in the budget.

Dolores Sassano responded that the grant is for the retention of historic documents and it is not in the budget and does not operate in the budget. For every document that is recorded, the Town receives \$1.00 which goes towards a fund to maintain the records that the Town has.

RaeAnn Palmer stated that she had spreadsheets from Physical Services and noted that the new rate was known when the current budget was put together so there will not be a big decrease in electricity seen. With regards to Connecticut Natural Gas, CRCOG does the bids for the Town. Every three years they go out to bid for gas pricing on three factors which is a pure vendor profit. The basis which is the vendor overhead and then the NYNEX which is the commodity charge. Every three years CRCOG goes out to bid to get a firm price on the markup and the basis. They are going to go out in the Fall to bid on that and then what is done is pricing triggers are set on the NYNEX and they set the pricing triggers – you can purchase gas in 25% of your loading permit, so the first pricing trigger will be 10% below current rate, the 50% of it will be rock bottom and 25% will be somewhere in the middle. The triggers will give an alert when those prices come in and then they will lock in the rates, so they expect to have the rate locked in by December. If the rate doesn't look like it's going down, then they might float it until spring, but generally they lock the rate in for the year in December and what the Town ends up with is a blended rate of the three pricing triggers.

Councilor Kotkin asked RaeAnn Palmer if she was confident as to what was paid from July through December and also that the rate from January 2011 through June 2011 is not known.

RaeAnn Palmer responded that it is not known, but based on what CRCOG is doing, she expects it to be similar to what it is or maybe slightly lower.

Councilor Kotkin inquired as to whether the budget reflects the current rate.

RaeAnn Palmer responded that the budget reflects the current rate.

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ADJOURNMENT

At 8:05 p.m., Councilor Kotkin moved "**TO ADJOURN THE MEETING**" seconded by Councilor Montinieri. All Councilors present, including the Chairperson voted AYE. The motion passed 9-0-0.

Dolores G. Sassano
Town Clerk