

At a Workshop of the Town Council & the Budget Board (Called to Order at 6:30 p.m.) holden in and for the Town of Gloucester on February 25, 2019:

I. Call to Order

The Town Council Workshop was Called to Order at 6:40 p.m.

II. Roll Call

Members Present: George O. (Buster) Steere, Jr., President; Walter M. O. Steere, III, Vice-President; William E. Reichert (arrived at 6:55 p.m.); and Julian (Jay) Fogue.

Also Present: Jean Fecteau, Town Clerk.

Budget Board Members Present: Diane Brennan, Finance Director; David Steere, Chair; Eric Croft, Jr., Vice Chair; David Lohr; Alfred Fuoroli; Charles Poirier; Kevin Lavoie & Michael F. Morgan.

III. Pledge of Allegiance

The Pledge of Allegiance was recited.

IV. Workshop with Budget Board: Review of Budget for FY 2019/2020 - Discussion and/or Action

Councilor G. Steere explained this meeting is a workshop of both the Council and Budget Board and is to discuss the budget for fiscal year 2019/2020. Councilor G. Steere turned the workshop over to David Steere, Chairman of the Budget Board.

David Steere, Chair, explained the purpose of this workshop is to update Council on the budget proposal and reminded all that they are working with a draft document which is still a work in progress. D. Steere explained the Budget Board works mainly with operating expenses and they have met with all department heads and parties requesting funds and this budget is their recommendation to Council. D. Steere stated their recommendations are based on historical spending and year to date expenditures. D. Steere stated revenue is based on the Governor's budget projections for fiscal year 2020 and known revenues are still being analyzed. D. Steere stated the excise tax is still in flux and will be addressed by the Finance Director. D. Steere stated there are no salary increases included, in the draft budget, for any employees.

D. Steere reviewed each department and noted increases and decreases in line items proposed in the draft budget.

Town Council: No change from requested budget.

Town Clerk: Minor reductions with a slight increase in Education.

Bd. of Canvassers: This budget fluctuates up and down due to the every other year election cycle. D. Steere stated this budget is a down year due to no elections.

Probate: No change

Bld/Zon. Office: Some increases in Inspectors fees due to the number of projects going forward.
Expenses show small reductions in Education/Training requested by Bldg. Official

Planning Dept.: Increase reflects benefits expected for the Town Planner.
D. Steere stated that also in the Planners budget is an adjustment to be made regarding Consulting services funds (\$37,000) which will be reassigned from the left over funds used to update the Comprehensive Plan.

Planning Board: D. Steere stated the Planning Board is requesting an increase for the clerk to the Planning board of \$1,600 based on the length of meetings. D. Steere stated that eleven meetings, this year, have exceeded two hours. D. Steere proposed paying the clerk \$150 for the first two hours and \$200 per hour after two hours. D. Steere indicated based on that they have increased that line item by \$550 for the year.

Zoning Board: Increase to advertising - \$250.

Conservation Comm: No increase requested, funds moved around within budget.

Land Trust: No change

Legal Services: \$140,000 was requested, Budget Board recommended \$125,000 which is \$5,000 less than current appropriation.
D. Steere stated some of that was because Council had requested a “witch hunt” with an outside attorney and we expect that won’t happen again and based on historical spending and the year to date the Budget Board felt the deduction was appropriate.

Councilor W. Steere questioned where the term “witch hunt” came from. D. Steere stated that was his expression because he felt it was a waste of time and money and nothing came of it. Councilor Forgue asked D. Steere to explain as he wasn’t on the Council when this occurred. D. Steere stated that he didn’t feel we should do that at this time. Councilor W. Steere asked D. Steere to keep this to professional terms. D. Steere stated that is his term whether or not it is professional. Councilor W. Steere stated to Mr. Steere that he had a right to his personal opinion but asked this remain professional as a member of the Budget Board. Councilor G. Steere stated it was D. Steere’s term and asked that we move on.

Town Sergeant: No change.

Financial Admin. Director’s Office: no change

Treasurer's Office: Education/Training request was \$200 lower at \$500 and Payroll Services request was lowered \$3,000 from a \$28,000 request to \$25,000

Personnel Office: Advertising line item lowered by \$1,500.

Tax Collector: Decrease of \$1,600 in request for Tax Sale fees line item and an increase of \$2,600 in Other Purchased Services for a requested amount of \$7,800 (tax bill costs)

Tax Assessor: Increase in Education & Training due to a clerk currently in training. There is also an increase in Dues as the clerk will be joining the Assessor's association. It was noted there is also a small decrease in Purchased Services and Engineering Services.

Public Safety: Operational Expense: the line item for Electricity was reduced by \$1,000. D. Steere explained this number was based on historical use and use to date. Propane was increased by \$500. Education & Training an increase of \$3,000 for required accreditation training and required mandated state training.

Councilor Henry questioned if the State would contribute any funds or reimburse for the mandated training. D. Steere answered in the negative.

Service Contracts slightly increased. Misc. Expense & Office Equipment decreased.

Councilor Henry suggested that Office Equipment and Furniture for all departments could be combined into one account in the budget. D. Steere stated he feels it should be kept separately in each department.

EMA: The only change is an additional \$1,000 in the Service Contracts/Code Red line item.

Animal Control: Decrease in Assistant Control Officer line item. The propane line item was funded at less than requested. Increase in Education/Training. Dog Damage was zeroed out and it was noted it has never been used.

(Councilor Reichert arrived)

Councilor Henry commented that when she stopped to see if that department had what they needed and she found the facility was well cared for.

Public Works: Line item decreases under Director's Office; Expenses included Telephone, Education/Training, and Service Contract. D. Steere stated the Shoe Allowance will be moved to the benefits line item and not included as an

operating expense. D. Steere stated there are some adjustments to the budget still to be made.

Highway Division: Electricity was funded at \$3,500 less than requested amount of \$11,500 at \$8,000. Purchased Services was increased by \$10,000 over current year \$15,000 for a total of \$25,000 for removal of trees. Discussion followed on the responsibilities related to tree limbs, fallen trees, and diseased trees. D. Steere stated that line item is already over budget in the current budget. G. Treml stated, historically, their guideline is if there is a problem within the right of way 16 ½ feet from center of the road it is the town's responsibility.

Under Expenses, the Storm Related Services line item will be addressed under Special Appropriations.

Maintenance Division: Janitorial line item request of \$7,200 lowered by \$1,200 to \$6,000. Miscellaneous Expense line item request of \$6,000 reduced to \$4,500. Repair/Maintenance/Construction Materials as requested at \$20,000 (which is an \$8,000 decrease from last adopted amount). D. Steere stated there was no request for the line item "Tools" therefore Budget Board reduced the last adopted amount to zero.

Vehicles & Equipment: Line Item for Purchased Services \$3,000 less than the \$20,000 requested to \$17,000.

Gasoline increased by \$5,000; Lubricating Oil decreased by \$1,000; Diesel Fuel increased by \$6,000. Repair Parts line item request reduced from \$113,000 to \$110,000. Tires & Tubes increased by \$2,000.

Waste Disposal Division: Litter Corps \$3,000 requested, Budget Board zeroed out. Tires/Tubes increased by \$2,500 over current budget to \$5,500. Other Purchased Services increased by \$1,000 over current budget to \$3,500.

Recreation: Total budget has a proposed increase of \$1,850. Funds were moved around line items, by Rec. Director, to better utilize funds.

Senior Center Kitchen Aid-Interim Director line item reduced by \$1,469 to \$3,500. Under Expenses: Electricity increased over current budget amount by \$5,500.

Councilor Forgue stated he has looked at the high cost of electricity at the Senior Center by reviewing bills for three years. Councilor Forgue stated he found that the costs in February, March, and April spiked substantially and he felt it was due to heat strips installed on the roof of the Senior Center to prevent icing. Councilor Forgue stated last year that was a tough period and felt they could have been maintained better and not been plugged in constantly. Discussion followed on RISE findings, cost of running equipment and a rise in membership. Councilor W. Steere stated we should review the RISE contract.

Expenses: Repair/Maintenance/Construction Materials increased by \$500 over current budget; Office Supplies decreased by \$1,000; Advertising request for \$300 zeroed out; and Purchased Services-Excluding Programs Budget Board proposed \$38,000 after a request for \$6,000 more than current allocation of \$37,000 (proposed to be used for landscaping).

D. Steere stated the Senior Center may need landscaping but the expense shouldn't be in the operating budget. Discussion followed on work that needs to be done and how much of that work Public Works would be able to do. D. Steere suggested increasing the Budget Board proposal by \$1,000 to cover two items to be done.

Human Services: Miscellaneous Expense proposed at \$100, \$400 less than requested. Emergency Energy Funds reduced to zero, (requested amount \$3,000). Energy Fund: no funds requested, zero proposed.

Other Oper. Exp: Electricity increase of \$2,000; Postage reduced by \$500; Office Supplies reduced by \$1,400; Security reduced by \$2,000; Copier Rental reduced by \$1,500. D. Steere explained the \$5,000 in Negotiations/salary is for an update to the Employee Handbook. Insurance increase of \$3,750.

IT Office: Expenses: D. Steere stated these budget requests were received from Matt Floor. Internet increased by \$1,240; Computer Systems Support/Repairs decreased by \$900; Computer Systems Software Upgrades decreased by \$1,324. IT Consultants increased by \$5340. Budget Board stated they were looking for a contract with the consultants which wasn't available. D. Brennan stated she has spoken with the remote consultant and there is no problem producing a contract.

Councilor Henry questioned if the increase of \$5340 was for software. D. Steere stated it was for support.

Computer System Licenses was increased by \$2,500 and Workstation/Laptop/MDT/Rep Program request was decreased by \$2,000

Aid Requests: Gloucester Manton Library requested \$173,725 and the Budget Board proposes \$169,001 which is an increase over current appropriation of \$7,773 which is a 4.8% increase.

Harmony Library requested \$204,666 and the Budget Board proposes \$201,767 which is an increase over current appropriation of \$4,765.

Councilor Henry asked if these requests were to bring up salaries. D. Steere stated that and a large reduction in donations.

Cultural Services: Gloucester Light Infantry-Memorial Day Parade requested \$1,500 and the Budget Board proposed \$1,000, which D. Steere stated is the level historically funded.

Independence Day - Parade: The Chair requested \$20,000 which was \$5,000 less than current years appropriation and the Budget Board proposed \$20,000. D. Steere stated he has requested follow up information.

Social Services: All funded at same level as current year funding.

Debt Service: D. Steere stated the Principal & Int.-Land Trust open space \$500,000 (non school) bond is paid off.

Capital Budget: D. Steere explained the Capital Requests rec'd and the level of funding they are proposing. \$1,355,400 was requested and \$859,528 was proposed. Highlights: Senior Center, Building Landscaping for \$6,000 (estimate rec'd by Director) was requested but no amount was proposed at this time. Discussion followed on what parts of the project Public Works could handle so an amount for outside work could then be included. It was agreed to fund that line item for \$6,000.

Municipal: D. Steere explained the Budget Board is proposing funding Town at \$7,820,712, excluding Capital, which is an increase of \$113,097 without any salaries or benefits included in that number, which is a 1.47% increase. D. Steere stated that percentage is just a budget to budget number not based on actuals which is a 16% increase.

Education: D. Steere stated the Budget Board is proposing funding the schools operations at \$9,857,128 and \$107,000 from the prior year set aside for loss of State Aid. D. Steere stated the Budget Board proposes a 4% increase and that the School has been funded at \$6,372,040 for the last 10-11 years because they had a large Fund Balance (which they no longer have). Discussion followed on Maintenance of Effort and future effects on budget.

Foster/Glocester Regional: D. Steere stated we are 5.3% increase from Region at \$549,458. Discussion followed on out of district tuition and the lack of tracking.

Special Approps: D. Steere reviewed each of the appropriations proposed.

Revenue: D. Steere stated the Finance Director provides the numbers for municipal revenues when they are determined, some of which are determined by the state.

Adjustments: D. Steere reviewed the proposed Adjustments.

Regarding the Amount to be Raised by Taxes, Diane Brennan explained how the 4% cap has actually become a 3.68% cap due three funding aspects being worked on by the state, which leaves

us in flux with some of our numbers.

D. Steere stated the amount to be raised by taxes, \$22,065,423 which is 2.62% but includes no salaries or wages. (The difference is \$226,308.37 which would bring us to the 3.68%)

D. Steere stated when looking at school budget he has a few comments that he hopes are addressed during presentation:

In the School budget, on the first page there is a \$273,000 hole in the budget that means the school either has to reduce expenses or increase revenue to address that.

There is a projected increase of \$261,587 in operating expenses, the majority being \$190,000 in salary and wages. D. Steere stated he does not know if it is a contract year but cautions the school to be careful.

Major portion of increase in expenses is loss of revenue, \$373,000, of which \$107,000 is loss of aid, but biggest loss is use of fund balance. School has cash assets including OPEB, Sick day buyout, capital, and medicaid be integrated into their budget for 2020. D. Steere stated these assets have historically not been used.

At this time D. Steere turned the local school budget review over to the D. Brennan, Finance Director.

D. Brennan stated D. Steere is correct as most of the increase proposed is for salaries and benefits.

D. Brennan stated that contracts are up for school department teachers and non-certified employees.

Other Operations: Increase of \$72,040 (most of which is for Special Education categories).

Under Departments: Both schools have come in level budget or come in under budget.

Special Education: Increase of \$62,586

D. Brennan explained the Schools Fund Balance was built up over the years in small dollars being utilized for Special Education needs for costs we have to fund in case of need.

D. Brennan stated in response to D. Steere's statement (re: cash assets) , that approx. \$100,000 of Medicaid funds was used this year.

Expenses: To maintain cost of Special Education needs categorizes. D. Brennan explained the efforts being made to keep our students within the school district. One of the efforts include hiring teacher aides. D. Brennan explained these expenses are still less than sending students out of district. (Transportation costs were referenced).

D. Brennan explained the maintenance of effort plays a part as well as the new mandate for 2% maintenance of effort being used for building maintenance. Councilor G. Steere questioned the funds we are already contributing and asked if those will “count” against the new mandates.

Bldgs. & Grounds: The proposed amount is \$349,299 which may not all be needed but it meets the state mandate of 2% maintenance of effort for bldgs. and grounds.

Councilor G. Steere questioned an increase to maintenance of effort of 2% for maintenance of buildings when we already are spending \$600,000 this year for a five year program. D. Steere asked if the state takes Capital into consideration. D. Brennan stated the state is unclear at this time. Councilor G. Steere questioned that we have to budget 2% and put another \$300,000 in our Capital budget this year. D. Brennan stated we do not have a lot of guidance from the the sate, but hoped we could include some of that \$300,000. Councilor G. Steere asked, exclusive of the \$300,000 what in the budget reflects the 2% mandate. D. Brennan stated it is included in the Operations, Bldgs. and Grounds, but D. Brennan noted that not all of that line item reflects the 2% as some is utilities. Councilor Henry questioned what would happen if we didn’t include those funds. D. Brennan stated they would withhold state aid. Councilor G. Steere again asked why the \$600,000 we have committed to for this year does not erase that. D. Brennan stated we can put some of that money in there but we don’t want it all included as it will greatly increase our maintenance of effort going forward.

Councilor G. Steere stated he asked the Region what was in their proposed budget for the 2% mandate and they stated they didn’t need to include because of funds they have spent over the last year.

Beth Keeling, School Comm., spoke from her seat.

D. Brennan stated she could put a portion in to reach the 2%.

D. Steere asked how the capital account factored in and questioned why the state can’t consider that. D. Brennan stated we may be able to do that but the state is not clear and are not clearly responding to questions. D. Steere stated we should be exempt for a few years. D. Brennan stated we should be alright but we don’t want to increase our maintenance of effort.

Councilor W. Steere stated this seems like a knee jerk reaction law to address the communities that are not doing what they are suppose to do and we get punished while we are doing what we should.

D. Brennan stated she is under obligation to show certain items are budgeted and in the end we cannot take those unused funds and use them elsewhere.

D. Steere questioned the Severance line item (page 15), actuals were \$51,000 in 2017 and \$27,000 in 2018. D. Steere asked what this meant as it is always a big number but not budgeted. D. Brennan stated that reflects funds we pay people who leave and have time on the books. D. Steere stated that is part of the Cash Accounts he referred to earlier that is not used. D. Steere stated revenue is used to pay off severance pay when we could be transferring from that fund. D. Brennan stated she could

do that.

D. Steere questioned PD. D. Brennan stated those are Professional Development days. Councilor Henry questioned if the PD days are part of the required days per school year why set them aside as though they were extra. D. Brennan stated that line item is for allocating expenses of the Professional Development days. D. Steere questioned how those costs related to the Professional Development Fund, as noted in the audit and asked if those expenses should be coming out of that fund. D. Brennan stated that fund includes specific funding for Professional Development. D. Steere again stated this is another example of those cash assets that he referred to earlier.

D. Steere referred to Transportation pass through funds stating that he thinks that should show as a true expense and any funds received should be shown as revenue. D. Steere stated we can't tell how much is received in any year. D. Steere stated he questioned Dr. Barnes but has not received any answer and stated he felt that better communication between the Region and the (local school) Business Manager is necessary because those funds don't show anywhere.

D. Steere questioned how much has Gloucester Schools received from transportation pass through. D. Brennan explained how much was received. D. Steere again stated he believes the pass through should be in the budget.

At the end of all questions, the Council thanked the Budget Board for all the hard work they put into the preparation of the budget.

MOTION was made by Councilor W. Steere to ADJOURN to Joint Executive Session with Budget Board pursuant to: R.I.G.L. 42-46-5 (a)(2) Collective Bargaining: Local Union #1322 - Town of Gloucester Clerks; Local Union #1322 - Police Department Civilian Employees & Local Union # 638 - International Brotherhood of Police Officers; seconded by Councilor Forgue

VOTE: AYES- G. Steere, W. Steere, Reichert, Henry and Forgue
NAYS-0

MOTION PASSED

After Executive Session

VI. Reconvene Open Session - Disclosure of Votes taken in Closed Session

MOTION was made by Councilor W. Steere to SEAL the minutes of Closed Executive Session; seconded by Councilor W. Reichert .

VOTE: AYES- G. Steere, W. Steere, Reichert, Henry and Forgue
NAYS-0

MOTION PASSED

It was disclosed that one vote was taken in Executive Session: to SEAL the minutes.

VII. Adjourn Town Council Meeting.

MOTION was made by Councilor W. Reichert to ADJOURN at 9:20 p.m.; seconded by Councilor

Forgue

VOTE: AYES- G. Steere, W. Steere, Reichert, Henry and Forgue
 NAYS-0

MOTION PASSED

Posted