

Board of Finance
Annual Budget Hearing
8:00 p.m., Monday, April 11, 2016
Durham Fire House Meeting Room, 41 Main Street

Meeting Minutes

In attendance: Loraine Coe, Rosemarie Naples, Laurie Tuttle, Martin Anderson, Chuck Stengel, Molly Nolan

Others: Laura Francis, John Szewczyk, Maryjane Malavasi, approximately 20 members of the audience.

Loraine Coe called the meeting to order at 8:00 p.m. and led with the pledge of allegiance. She then introduced Board of Finance members, Board of Selectmen and Finance Director. She noted that the budget being presented tonight is a revised budget that the Board approved this past Friday, April 8th that reflects actuals budget figures for all salary related lines due to the union contract being approved. Included is a change in Health Insurance; the union contract mandates that all eligible employees participate in a Health Savings Account effective July 1, 2016.

The budget also includes a reduction to DMIAAB and an increase in Durham Middlefield Youth and Family Services to fund 50% of a nutritional program that will not be funded by the State. In addition, an unexpected reduction in Educational Cost Sharing grant funding is included in the bottom line.

L. Coe noted that the Board was able to decrease the fy16-17 budget by a total of \$53,421, .076% compared to the fy15-16 total town budget. Board members attended nineteen budget workshops in addition to their regular meetings. Their goal was needs not wants; to fund each Department, Board and Commission with the necessary budget to meet their needs and to enable them to meet the needs of the town while keeping focus on the bottom line and the impact on the taxpayer.

Due to last year's revaluation, the towns Grant List decreased by 7.43% compared to the .69% increase last year. State and local revenues combined have increased from 2.42% last year to 17.45% due to State reimbursement of estimated tax revenue due to motor vehicle tax cap of 32.0 mills; it was noted that the town will still realize a \$34,467 overall loss due to the cap.

The Board continues to maintain the reserve fund for long term needs; revaluation, public works trucks, fire trucks, ambulance, and guardrails.

Proposed increases are due to rate increases in electricity and telephone. Chip sealing due to the increase in town mileage from 7 miles to 10 miles per year. A zero interest loan through Eversource for HVAC and lighting replacement at the library. A significant reduction in recycling income at DMIAAB.

Proposed decreases in Town Counsel, capital equipment, heating oil and vehicle fuel, highway wages, the elimination of special project funding in the Resident State Trooper budget, and training, vehicle maintenance, internet and cable removal from the Ambulance Corp budget.

L. Coe then proceeded to present a PowerPoint presentation on the Financial State of the Town of Durham for fiscal year 2015-2016 and then presented the fiscal year 2016-2017 proposed town budget. (Copy attached)

2016-2017 Proposed Budget	\$6,930,851
2015-2016 Approved Budget	\$6,984,272
Decrease in dollars	\$ 53,421
Decrease in percentage	-.76%

L. Coe then opened the meeting for questions.

Roger Kleeman asked why there was a reduction in the Conservation Commission budget. Chuck Stengel replied that \$3,000 was reduced from service contracts for consulting services to prepare comprehensive management plan for Curtis Woodlands Open Space Property and noted that the commission is welcome to come back to the Board for funding when/if this is done.

R. Kleeman asked why the town was funding the Town Green Tree Committee when they are receiving donations. Tina Gossner, Chair of the Committee, responded by stating that the total expense for the project is estimated to total \$60,000. The committee has raised \$27,000 to date and was asking the town for a small amount of funding of contracted tree work and annual maintenance of the new trees and soil.

R. Kleeman asked why the facilities management budget was increased. Laurie Tuttle stated that the budget has been historically underfunded.

R. Kleeman asked at what price was the town purchasing fuel oil and how many gallons were used. Maryjane Malavasi stated that diesel fuel is purchased through a contract at \$2.02 gallon. Unleaded fuel is purchased spot market. She also noted that diesel fuel from the same tank is used to heat the building. Rick Parmelee asked if the Ambulance Corp gets their fuel from the same tank and if the Board knew if they were billing for mileage in addition to the fuel. Sue Wimler stated no, the Ambulance Corp gets fuel from the fire house location, and they did not bill for mileage. She noted for the record that R. Parmelee had been invited to speak to Ambulance Corp members and did not.

John Szewczyk asked for clarification of the Resident State Trooper wages. C. Stengel stated that the town is responsible for 85% of total wages. J. Szewczyk asked if the secretary line was eliminated. L. Tuttle replied yes. J. Szewczyk stated he felt the department was vastly under represented and could use assistance and asked the Board to consider this in the future. C. Stengel stated the Board did approve the purchase of a speed monitoring device that has helped in this area. R. Parmelee stated he felt the CT State Police do a great job but would not advocate a budget increase.

R. Kleeman asked for clarification of Human Services department. Molly Nolan noted that the budget reflected a total of fourteen different agencies that town residents have available to them.

R. Kleeman asked for clarification of the transportation services budget. M. Nolan responded that this budget was for Dial-A-Ride for the elderly and 9 Town Transit for all town residents. It also included the senior disabled bus for recreational and medical trips that is offset by a grant.

R. Parmelee asked the Board what the Ambulance Corp total income was for the year noting that the town owns the ambulance, building and their equipment and as a non-profit organization are accountable to the community. C. Stengel responded that the Board understood and was addressing his concern; they have asked the DVAC for updated financials and have received some.

Francis Willett noted his confusion regarding J. Szewczyk request for assistance in the Resident State Trooper office noting J. Szewczyk was on record for years against a school resource officer. He agreed that the Troopers office was understaffed and asked the Board to consider expanding staff to another full time or part time Trooper in the future.

F. Willett asked the Board to reallocate the prior public works director cell phone budget to the Social Services Coordinator who has had to use her personal cell phone on many occasions outside of the office.

Jane Eriksen commended the Board on their work and noted for the record that the library has not received an increase in their books/media budget line for the last twelve years. She asked the Board to consider the fact that the library will have a reduction of \$2,600 in this line fy16-17 due to cuts in state revenue.

Elmer Clark asked what the increase was in the building and grounds line in the library budget. R. Naples responded that this represents a monthly payment to Eversource for energy upgrades to the library lighting and HVAC systems.

Elmer Clark asked if there was any plan to move the Activity Center to Korn School. R. Naples replied no. L. Francis noted that the current contract for 350 Main Street is month to month and the School Board has budgeted to maintain Korn School minimally next year.

Clark Kearney asked for clarification of union negotiations related to salary compensation and wage comparison. L. Francis stated that the 3 years contract calls for 1.75%, 2%, and 2% increases that is below the state average. She also noted that wage comparisons were on the high side of upper end; non-union and elected officials did not receive an increase last year which will result in bringing Durham closer to the middle.

Bob Booz asked why library wages decreased. R. Naples explained that last year's salaries included a 53rd week because of leap year. She also noted there is no recommendation in change of staff.

R. Kleeman stated that he was against the capital improvement of entrance gates at the public works facility. He suggested the Board consider purchasing cameras; less expensive and will keep everyone honest.

F. Willett noted that the storm line was reduced. L. Coe stated if funds were needed he could request them. F. Willett asked if the Board if they had a clear understanding of the DMIAAB budget request. R. Naples indicated yes. L. Francis recognized the changes in the industry and stated that the towns of Durham and Middletown, Old Saybrook and Haddam have come together to do operational review, compliance, best practices and forecasting. In two weeks the contract will be signed and should receive the results in 6 to 8 weeks.

Martin French asked what State numbers the Board used. L. Tuttle responded that they used the last lowest received.

George Eames III noted he felt the budget comparison was incorrect. He spoke about the budget impact on residents and the implications of the 2011-2012 and 2015-2016 revaluation decreases from a homeowner's perspective; resident property values are down and personal wealth has been declining over the years. He talked about the fluctuation of capital funding from 2013-2014 to 2016-2017 and no new buildings or repairs are being done. He questioned the amount being spent on insurance and health related benefits for 28 employees and asked the Board how they will fix this going forward.

Meeting adjourned at 9:45 p.m.

Respectfully submitted,
Beth Moncata

The Financial State of the Town of Durham



Public Hearing
April 11, 2016

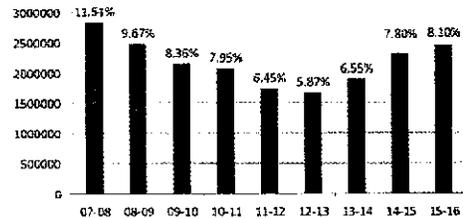
Major Funds (est. 6-30-16 balance)

General Fund Undesignated	2,457,783
Reserve Funds	2,199,922
Total	4,657,705
Change from Prior Year Actual	+233,241

Reserve Fund - Major Activity

Current Year Budget Allocation	+716,020
Fire Apparatus	- 620,000
Building Maintenance- Various	- 52,000
Revaluation	- 52,000
Old Indian Trail Water Tank	- 31,000
Public Safety Facility Grant Match	- 19,260
Fire Dept. Compressor Down Payment	- 10,000

Undesignated Fund Balance as a % of Total Town Budget



Board of Finance Proposed Budget July 1, 2016 – June 30, 2017

Issues Facing the Budget

- Revaluation
 - Budgetary grand list reduction of 7.43%
- Contract Negotiations just recently settled
- Motor Vehicle Mill Rate Cap
 - Cap of 32.0 mills for motor vehicles
 - Town mill rate based on Real Estate & Personal Property
- Anticipated reduction of \$215,489 in ECS Grant
 - Increases the estimated mill rate by 0.34 mills

Town Budget Summary

2016-2017 Proposed Total Town Budget	\$6,930,851
2015-2016 Approved Total Town Budget	\$6,984,272
Decrease in Dollars	-53,421
Decrease in Percentage	-0.76%

Town Budget Summary

Proposed Operating Budget	5,887,779
Proposed Reserve Budget	774,139
Proposed Capital Budget	268,933
Total Proposed Budget	\$6,930,851

Budget Overview

General Government Operating	+	1.19%	+ 69,189
Capital and Reserve Funding	-	10.52%	- 122,610
Total General Government Expenditures	-	0.76%	- 53,421
Local Revenues	+	4.44%	+ 28,800
State Revenues (includes State M.V. Revenue)	+	31.10%	+ 192,614
Net General Government Budget	-	4.81%	- 274,835
Grand List (budgetary)	-	7.43%	-55,284,344
Motor Vehicle Tax Cap			32.00 Mills
Est. RE & PP Mill Rate with Education			35.91 Mills

Operating Increases over \$5,000

DEPARTMENT	INCREASE	REASON
414305 Information Technology	30,310	Rec. Desk, Office, wireless access
49305 Planning & Zoning	15,800	Contracted services for special projects
414905 Elections	13,354	Primary & Presidential Election training
510020 Liability, Auto, Property Insurance	5,607	Increased premium based on losses
510025 Employee Insurances	14,861	17th Workers Comp increase based on usage, health insurance census
520068 Facilities Management	11,760	Increased maintenance required
430705 Snow Removal	20,000	Based on averages (increase in salt)

Operating Increases over \$5,000

DEPARTMENT	INCREASE	REASON
430714 Chip Sealing	25,000	Increase in road mileage to be done; back to ten miles
43105 Street Lights	7,000	Error in current year budget
420905 Volunteer Fire Dept.	9,350	Vehicle inspection, testing, and maintenance
410710 Middlesex Paramedics	7,388	New Account - paramedic service from hospital; based on population
450103 Library Buildings & Grounds	21,994	Zero interest loan through EverSource for HVAC replacement
080010 Tax Refunds	5,018	Based on 5-yr average
43705 DMIAAB	19,833	Reduction in recycling income

Operating Budget Decreases

DEPARTMENT	DECREASE	REASON
43010 Town Counsel	- 5,000	Completion of union negotiations
510015 Retirement Plan	- 9,726	Prior year asset gains
434005 Tree Warden	- 5,000	Based on average spending
430505 Capital Equipment	- 28,291	Paid off final lease
43010 Highway Wages	- 6,978	Change in staffing
431405 Vehicle Fuel	- 7,000	Reduction in contract price per gallon
429918 Vehicle Maintenance	- 5,000	Based on average usage
429919 Storm Emergencies	- 5,000	Based on average usage
420705 Volunteer Ambulance	- 8,291	Training, Vehicle Maintenance, Internet & Cable removal
420004 Resident Trooper Contract	- 36,555	Elimination of special project funding

Salaries

- 2.0% union increase per contract
- Board of Finance proposes 2.0% increase for non-union employees
- Board of Finance proposes 0.0% for elected officials

New Budget

Middlesex Paramedics

- Partnering with Middlesex Hospital and other member towns
- Required to maintain program due to State Cuts
- \$1 per capita in first year
- Up to \$5 per capita over five years

Proposed Capital Allocation

Project	Proposed
Wireless access points at Town Hall, Fire Dept. and Public Works	9,037
SCBA Bottles for Fire Department	16,319
Annual lease payment for CASCADE system at Fire House	9,400
Replacement of stove at fire department	4,000
Jump kits for Ambulance Association	300
Radios & Pagers for new fire truck and dump truck	5,334
Coe Road Bridge & Higginans Road Projects Engineering	166,041
Street Sign Retro-reflectivity replacement program	5,900
Entrance gates for Public Works	8,000
Public Works Guardrail Replacement program	45,000
Total Proposed Capital Allocation	\$268,999
Decrease from Current Year	-180,129

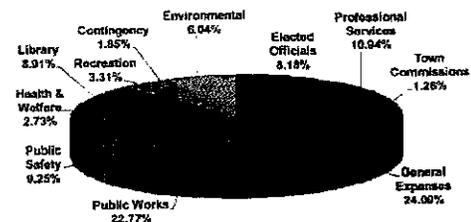
Proposed Reserve Allocation

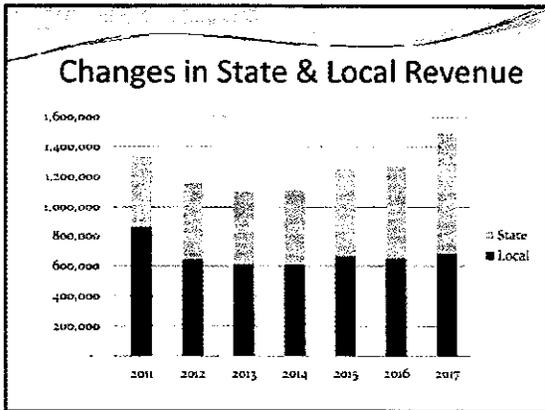
Project	Proposed
Reserve for Ambulance Replacement	10,000
Reserve for replacement of Animal Control Vehicle	1,000
Routine Building Maintenance based on 20-year plan	30,000
Unanticipated Building Repairs	10,000
Building Reserve for new construction or renovation to town buildings	100,000
Restoration of Historically Significant Grave Markers	2,500
Rents received by Conservation Commission held in reserve for maintenance - Parmelee Barn and Howd Road	5,868
Replacement of Town Hall server and Public Safety IT Equipment	4,900
Fire Apparatus Replacement Plan	105,000
Reserve for installation of new fire ponds	7,000

Proposed Reserve Allocation

Project	Proposed
Other Post Employee Benefits Valuation required every 3 years	2,500
Replacement of Pagers & Radios	20,000
Public Works Vehicle Replacement Plan	106,000
Road Reconstruction Project over 3 years - DiNatale Subdivision	105,000
Major Culvert Repair and Replacement Plan	50,000
Revaluation - done every 5 years	21,000
Town Green Tree Replacement Plan	1,000
Voting Machine Replacement Plan	500
Prevention Coordinator - shared 50% with Middlefield - Grant	22,871
Total Recommended Reserve Transfer	774,139
Increase over current year	58,139

General Government by Program



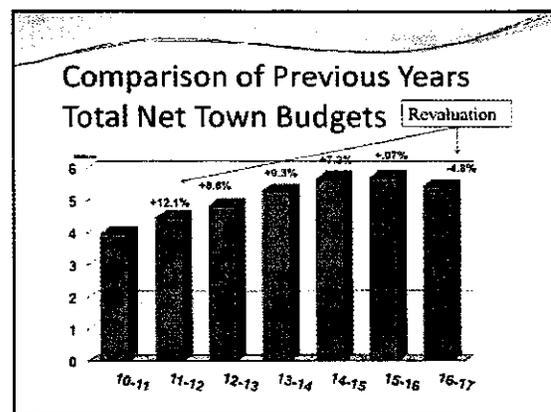
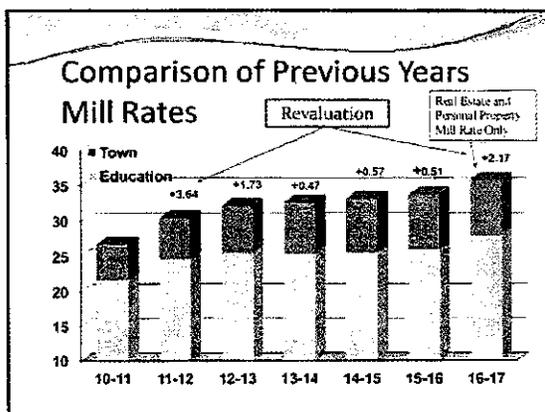
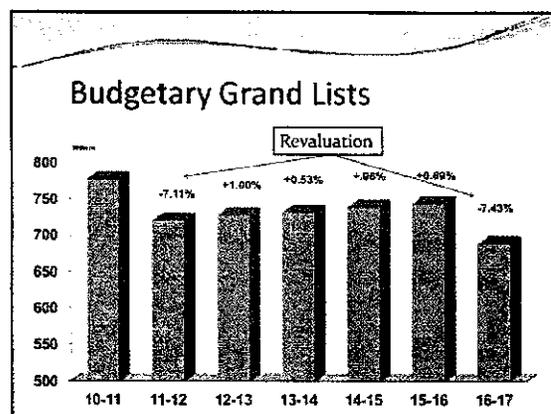


State Revenue up 31.10%

- Skewed due to Motor Vehicle mill rate cap
- Includes State reimbursement of *estimated* tax revenue due to Motor Vehicle Tax Cap. \$153,897
- Without this, total revenue would be up 5.32%
- Meant to bridge gap between the mill rate cap of 32.0 mills and the mill rate calculated through the budget
- Tax Cap for Motor Vehicles is 32.0 Mills
- Based on Durham's grand list for motor vehicles, there is a loss of \$31,800 for the next fiscal year; which is incorporated into Real Estate & Property Taxes

State Aid Still in Flux

- The categories of municipal aid that are expected to be reduced have not specified.
- It *is likely* that aid from the following state funds will be reduced:
 - Pequot-Mohegan Casino Fund
 - Student Transportation (Board of Education)
 - Remaining PILOT funds both this fiscal year and next
 - Education Cost Share (ECS)
- Current bonded programs, such as TAR, LoCIP and STEAP, are not in danger for the balance of this year.



Estimate your taxes

Real Estate & Personal Property
www.TownofDurhamCT.org
Tax Assessor Department
2015 Revaluation Listing by Owner

Multiply your "NEW" assessment by the proposed mill rate and divide by 1,000 to calculate the amount of taxes you will pay on Real Estate.

Motor Vehicle

Multiply your current vehicle assessments by the 32.0 mill rate cap and divide by 1,000 to calculate your *estimated* car taxes.
(Your assessment may or may not have changed from last year.)

Conclusion

- Grand List down 7.43%
- Total expenditures down 0.76%
- Net Town Budget down 4.81%
- Mill rate up 6.4% for RE & PP
- Mill rate down 5.1% for Motor Vehicles

Questions/Comments