

SUBJECT TO APPROVAL

MEETING DATE: MONDAY, APRIL 25, 2016
6:00 P.M.

MEETING PLACE: JAMES MADISON ROOM (ROOM A) - TOWN CAMPUS

BOARD OF SELECTMEN BUDGET WORKSHOP MEETING MINUTES

6:00 p.m. Budget Workshop

First Selectman Banisch called the Budget Workshop of Monday, April 25, 2016 to order at 6:01 p.m. Present were First Selectman Banisch, Selectman Goldberg, Selectman Hale, Selectwoman Walker and Selectman Wilson.

1. **Discuss Recommendations for changes to the Budget:**

First Selectman Banisch stated that he had sent out recommendations to the other Selectmen with recommendations for where funds can be cut to offset a potential in state ECS funding cuts. The assumption with this plan was that the total funding of \$1.5 million would be cut. Selectwoman Walker questioned if that was necessary since the general consensus was that the cut would not be as significant.

Ms. Nobitz stated that if the Boards knew the final cut in the ESC funding before May 5th then the budget could be revised.

Selectwoman Walker stated that going with the Governor's cut versus the Appropriations Committee cut was a concern to her. She cautioned that the Town shouldn't go so deep that it greatly affects the mill rate. Selectman Hale stated that the budget request could go back for revision pro rata to the total funding cut. He stated that since the total cut was unknown this was the prudent way to go.

Selectman Wilson stated that if the Town guesses too optimistically then the gap would have to come out of the Town budget and not the BOE budget.

Selectwoman Walker responded that the budget can be reduced after the fact and then the budget could be done based on an adjusted budget. Or, the FY 17-18 budget could be an adjusted one. She stated that if the Board assumes that 2/3 of the funding would be cut, roughly \$1million then the Board could finesse the cuts.

First Selectman Banisch stated that the proposed recommendations bring the Town to a larger increase in taxes than what was originally proposed.

Selectman Wilson stated that the Board of Finance's goal was to deliver a budget with less than a 3% increase and these proposals do not accomplish that.

First Selectman Banisch stated that the departments have been very helpful in meeting all of his requirements in freezing accounts for this year and in reserving 5% of their budget to help with the funding cuts.

The Board then asked Ms. Nobitz if the recommendations would greatly change if the state did fund a portion of the ESC grant money. Ms. Nobitz responded that the recommendations would bring the mill rate to 26.63 and the increase would be 3.38%. If funding comes in for approximately \$500,000, then the total increase changes to 2.68% and the mill rate only goes up .69 mills.

Selectman Wilson confirmed that if the cut was worse, then the Board would go back and look at adjusting the budget further. Selectwoman Walker added that at that time, other recommendations could be made, i.e. to change funding to certain projects, etc. She added that certain revenue concepts were not included, for instance offering a beach sticker for out of town residents for a maximum of 100-200 cars. This is something that Guilford does and Selectwoman Walker stated that the Board could estimate 20-30,000 in revenues for this source. The Board also discussed not allowing a sliding scale for parking stickers for beach passes; as well as whether they could make the recommendation to the Beach & Recreation Commission.

The Board also discussed the costs of the Health Director position and noted that there was only a \$10,000 per year difference between hiring a Health Director or joining a Health District. The Board also discussed that increasing the tax collection rate to 99% would result in an additional \$375,000.

Selectwoman Walker suggested that the Board bring two options to the Board of Finance; one set of recommendations assuming a whole cut of \$1.6 million and one assuming a lesser cut of roughly \$1 million. First Selectman Banisch stated that the Board should be careful not to budget on a random number. Selectwoman Walker stated that any assumption in the total cut would be making an assumption.

Selectman Goldberg asked if it were possible to word the Budget Referendum in such a way that would give the Board leeway to make decisions after the fact, for instance instead of voting on a fixed number, to vote on a budget no higher than a certain number. Ms. Carroll stated that this would be a question for the Town Attorney; however, she felt that the vote needed to be on a certain, fixed number.

The Board discussed how conservatively to change the budget recommendations and Selectman Wilson questioned what the process would be if the Town budgeted too optimistically. Ms. Nobitz stated that this for the next fiscal year, the tax revenue would be too low and Selectwoman Walker stated that also a special appropriation could be made to take funds out of the "rainy day fund". Ms. Nobitz stated that if the Town uses \$750k out of this account then the balance is roughly 11.5% of the budget. Selectwoman Walker stated that then there would be 1.5% available to keep the reserve at 10% of the budget.

Selectman Wilson questioned if the \$300,000 from the Board of Education was a cut and Ms. Nobitz stated that this was a projection of cuts to the BOE budget and it would be voted on at the May 3rd meeting.

First Selectman Banisch stated that the Board of Finance is going to make the final decision and that the current recommendations were already reviewed with the BOF and they were on board.

Selectwoman Walker questioned if the Board of Selectmen could meet again between today and May 3rd when the Board of Education was meeting.

The Board discussed what would happen with the costs and revenues between going with a Health District or with a Health Director. As well as how to move forward and propose the best version of the budget to the Board of Finance and what would happen if the 5% department reserve was returned at the end of the next fiscal year. Selectman Wilson stated then that there would be a kind of sticker shock to the tax payers then for the 17-18 fiscal year. He stated that the BOS could communicate to the tax payers that this is the responsible way to move forward. Selectwoman Walker stated that the tax payers see the total percentage of an increase and that would be an issue if it was very high for the 17-18 fiscal year.

Ms. Nobitz cautioned that the revenue base was decreasing and the funding was decreasing and reducing the base was necessary going forward. Selectwoman Walker agreed but stated that assuming the whole cut of \$1.5 million in the ESC funding at once was not realistic and would overtax the residents. She stated that the Board should keep the budget as focused as possible. If we assume a total cut but funds are returned then we have overtaxed by using a 3.38% increase, when we only had a 2.68% increase.

Selectman Wilson stated that this was only one degree of overtaxing but that this possibility could occur at any fiscal year at any budget process. Selectwoman Walker stated that she didn't see why the Board couldn't take a further look into new revenue streams and try to hone in on a more accurate set of recommendations. She stated that the Town could implement the out-of-town resident beach pass fees and see an increase in revenue.

First Selectman Banisch cautioned that residents may still have problems with this type of revenue where the Town is allowing in 200+ more people to the Town beaches. He stated that the Beach & Recreation Commission would still need to meet and vote to implement this plan and they may not approve allowing this type of beach pass. He also cautioned that no estimate could be used to budget for this revenue as the Town has never offered such passes and has no history of what the revenue could possibly be.

Selectwoman Walker stated that she felt the Board could meet with the Beach & Recreation Commission and could encourage them to move forward with this initiative.

Selectman Hale stated that he was comfortable moving forward with the current recommendations. He stated that to modify the reserve requests at the department level

would be a disservice to the senior staff. Selectwoman Walker stated that the final determination could be made when the state budget process got closer. She again stated that the Board could meet again and propose two avenues to recommend to the Board of Finance.

Selectman Wilson stated that the one service the Board could do for the Board of Finance and for Town staff would be to not delay the recommendations from the Board of Selectman.

Selectman Goldberg stated that essentially, the Board of Finance could do whatever it wanted, but he questioned if the Board of Selectman could reconvene after the state makes its final determination to revise their recommendations to the Board of Finance. The consensus was that the BOS would not have this opportunity; however, the Board of Finance could make further revisions based on the states' final decision.

Selectwoman Walker stated that different levels of budget could be proposed, i.e. for 3 different scenarios based on assumptions of what the state will do.

Selectman Wilson stated that the Board could instead recommend to the Board of Finance that should the state's cut be lower than the total, then the Board of Finance can choose to refund the department budgets.

Selectwoman Walker stated that it would be more fine-tuned to propose three different budget proposals to the Board of Finance. The Board discussed pros and cons to this option and Selectwoman Walker volunteered to make the models for the Board of Finance.

Selectman Hale stated that Selectman Wilson made a good recommendation when he stated that the BOS could approve recommendations with a caveat that some recommendations could be removed from the plan as the state adds back funding to the ECS grants.

Selectman Goldberg stated that perhaps the BOS recommends to the BOF that for every dollar the state reduces the take away of \$1.5 million that the BOF apportions out those funds evenly between certain cut items. He cautioned that the discussion of modeling could be esoteric if the Board meets again.

Selectwoman Walker stated that she could propose models to the Board members by tomorrow and then the Board could meet again to make the final determination. She stated that it was warranted for the Board to give one more hour to this discussion. Ms. Nobitz stated that the BOF has to make their final decision by May 4th. The Board would therefore have time to meet again before the BOF needs to make their final decision.

The Board discussed that they could meet again to review the different models for the budget recommendation(s) they could meet as soon as the model was complete. The Board agreed to meet after the Special Board of Selectmen Meeting on Thursday, April 28th at 8:00 a.m.

2. Adjournment

There being no objections, First Selectman Banisch adjourned the meeting at 7:02 p.m.

Respectfully submitted,

Lauren Rhines
Executive Assistant