

Finance Committee

Meeting minutes – December 9, 2010

Present: **Committee Members:** Chris Johnson, Robert Marti, Holly Seiferth, George Zacharakis (Chair)

Absent: Chris DeSimone (Vice Chair), Alan Leao Jr., Melissa Tzanoudakis

George Zacharakis called the meeting to order at 7:02 pm.

New Business: George Zacharakis started the meeting with the letter to department heads, noting the draft he put together. Robert Marti noted he was concerned about the new growth numbers; they were expecting an increase of 3.3% from 2011 to 2012 which was mostly from revenue from property taxes.

George Zacharakis commented that the letter still needed a closing paragraph which he was not sure if should be based on older letters. George Zacharakis wanted to know if the drafted letter was close to what others thought. Chris Johnson questioned if the decrease of 1% and an increase of 1% in the first two paragraphs included estimated contractual increases. George Zacharakis noted that in the previous year budget process several departments did not include contractual increases in the budgets. Chris Johnson noted that the letter should specify that contractual raises should be included in the process. George Zacharakis questioned how that could be done; would the department heads just put an estimate of 3% or something. Robert Marti questioned if the department heads would have some kind of estimate to use or could they use the previous contracts as an estimate. Chris Johnson commented that he thought there was hope that the numbers were not going to be the same as in previous years.

Chris Johnson went on to note that if the cuts in state aid are going to be as high as 10% as the third paragraph is talking about, that is detrimental to the town budget. Chris Johnson noted that maybe they should emphasize the worst case and note that any cut in state aid would impact the town budget and a 10% cut would be devastating. George Zacharakis agreed that any cut would adversely affect the town's budget and a 10% cut would be devastating.

Holly Seiferth commented that in looking at the assessed tax rates, last year they went up about 15% even though there was a decrease in value. Holly Seiferth was concerned that the town was just shifting money around. Holly Seiferth noted that in looking at the 10% cut in state aid, would that affect property taxes which would then be reducing the budget. Holly Seiferth went on to note that by decreasing the retirement fund the receipts were still going down. George Zacharakis commented that the town was depending on closing out debt to change the picture. Holly Seiferth noted that the tax rate had not been set yet, and it was concerning if it was another big hike.

George Zacharakis commented that he was looking for any rewording based on conversations. Holly Seiferth commented that these cuts would be reflected budgetary and in the second paragraph she thought the bottom line was only 3% not 10%. George Zacharakis replied that was just the operating budget number, and he was trying to keep from being too gloomy; he tried to put a little enthusiasm in it. Holly Seiferth thought that made sense; it was just concerning if the 1% decrease did not cover it. George Zacharakis replied that he thought the fourth bullet covered it, but they could change the fourth bullet to spell out the window from the third paragraph. Chris Johnson added that in the fourth bullet they could just add the phrase cuts in state funding and that would cover it.

Holly Seiferth questioned the contractual increases and if it was explicit that the department heads had to work around these increases. Chris Johnson thought they could put including any potential contractual increases in the first two paragraphs. Holly Seiferth noted that they should not leave any room after the budget process for contractual increases or the health insurance. Holly Seiferth went on to explain that even though they do not know the information about the health insurance now, they need to be prepared to react to health insurance changes and they could estimate with numbers. George Zacharakis asked the group for some wording to add to the letter. Chris Johnson suggested adding the information to the seventh bullet as including any contractual increases. George Zacharakis questioned adding any contractual

increases need to be absorbed by your department. Chris Johnson noted that if they come in with a 5% increase in wages and a decrease of 4% in operating expenses and then they say they cannot run their department anymore.

George Zacharakis noted that the net over 2010 including contractual increases in the last paragraph. Chris Johnson noted that it was important to add information about the budget process. The group worked together on wording the last paragraph.

On a motion from Robert Marti, seconded by Holly Seiferth the letter to department heads as rewritten with asking for two budgets – a decrease of 1% and an increase of 1% was approved, by a vote 4(Aye) - 0(No), 0 abstained.

George Zacharakis moved the meeting to discuss how to go through the budget process. Holly Seiferth asked if anyone wrote any outstanding questions from the previous week's meeting with the school district member. She felt that showed how a individual responsible for a group of departments worked. George Zacharakis talked about how the mini-experts worked to Robert Marti; one individual responsible for about 10 departments. Chris Johnson felt that he was leaning towards each taking a chunk; it took less time individually. George Zacharakis noted that his concern with that method is that the first few seemed to have more time; it would need to be time managed better. Holly Seiferth noted that they should have a target timeline.

Holly Seiferth questioned when the union negotiations were going to be done; she thought that they would be starting that process in January and Healthcare would be known the beginning of February. Holly Seiferth thought that if any department heads came in early that had contractual employees, they would need to come back. George Zacharakis suggested they start with non-union department budgets first.

Adjournment: On a motion from Robert Marti, seconded by Chris Johnson, the meeting was adjourned at 7:55 pm and it was approved by a vote 4(Aye)-0(No) and 0 abstained.

Respectfully submitted,
Lynne Henderson