MINUTES OF BOARD OF A&T BUDGET WORKSHOP
7:00 PM Wednesday, March 9, 2011
SHELTON CITY HALL
54 HILL STREET
Auditorium
SHELTON CT  06484

Roll Call
Board of A&T:
Chairman, Mark Holden
Chris Besescheck (excused)
Judson Crawford
Faith Hack
Charlotte Madar

Board of Aldermen:
Alderman John Anglace (excused)
Alderman Lynn Farrell
Alderman John “Jack” Finn
Alderman Stanley Kudej
Alderman Noreen McGorty
Alderman Eric McPherson
Alderman Anthony Simonetti (arrived 8:00 p.m.)
Alderman John Papa

Others Present:
Lou Marusik, Finance Director
Debbie Onderko, Tax Collector
Gene Sullivan, Purchasing Agent

Call To Order/Pledge of Allegiance

Chairman Holden began the meeting at 7:00 p.m. with the Pledge of Allegiance and a review of the procedures for the Joint Meeting of the Board of A&T and the BOA. He provided instructions to those being interviewed to provide a brief overview of their budget highlighting any changes that the Mayor has made to the budget that they are not comfortable with.

Chairman Holden stated that most of this meeting is with Mr. Marusik who has not arrived yet. He suggested taking people out of order and began with -5400 Series for the Tax Collector.

-5400 TAX COLLECTOR
Debbie Onderko, Tax Collector, stated that she had no opening statement or questions.

Chairman Holden asked if there were any questions from either Board on the -5400 line series for the Tax Collector.

Alderman Finn stated that he just wanted to make the observation that the Tax Collector’s Office does a terrific job. The ladies in the Tax Collector’s Office are very professional and courteous. The Assessor’s Office works quite well too - giving them the information they need to do their work.

Chairman Holden stated that last year during the budget process, the information that they were getting from Accounting showed a considerable amount of uncollected revenues. He heard through other sources, that her office was seeing a substantially higher amount for collected revenues. He asked her if she knew of any delay in the posting.

Ms. Onderko responded that she could not answer that. They don’t have a delay in their office and when she does the monthly report it goes to Finance. She doesn’t know what the steps are in that Accounting department, so she couldn’t tell him. She added that they do have a delay right now because they are short an Asst. Tax Collector who retired in December.

Chairman Holden asked how the tax payments due in January have gone.

Ms. Onderko responded that they are very good. They got a good response from people who want to make payment arrangements. It seems like more people are back to work now and they are getting in touch with them. She thinks the word is out that they make the phone calls and have that contact with them and will set up payment plans. They have been working with people.

Chairman Holden stated that on his form it is only showing $53.5 million collected year to date and the bulk of that should already be in.

Ms. Onderko responded yes, it should be but she doesn’t know what they have in that report. Maybe Lou can answer that for Accounting.

Lou Marusik, Finance Director responded that they may not have the external banks posted there yet. One bank alone is $1.7 million dollars or something like that – Webster.

Ms. Onderko added that people who can pay during collection at the downtown banks.
Chairman Holden commented that one of the things that came up last year during the budget process was the paperwork that he was able to get from Accounting was showing substantial outstanding tax collections. He was rather concerned about that and had gotten info from other folks that the actual numbers were not here.

Mr. Marusik responded that there is a monthly reconciliation so those questions are easily answered by that reconciliation.

Faith Hack indicated that she had a question regarding Regular Payroll. She noted that there has been a change in only one. The others received no increases and she asked about the rationale.

Ms. Onderko responded that the Union contract expires this June.

Faith asked, assuming that it expires in June, where would that money come from.

Mr. Marusik responded that there is an Increments account that is a standard thing that goes on every year. They don’t know what it is going to be so there’s (inaudible).

Mr. Marusik commented that in the last 11 – 13 months there were 42 foreclosures, and on the State of Connecticut cable network there were budget hearings and someone brought a statistic up that of the 169 towns in Connecticut, one in 13 mortgage payments are 90 days delinquent. He thought that might give them some idea of what is out there and what the Tax Collector is working with. She doesn’t lose any money on foreclosures and actually makes 18% on the people who are behind. That’s a good business.

Chairman Holden stated that those foreclosures would be the ones that got to the point where people had already lost their house.

Mr. Marusik responded yes, that it was legal foreclosure.

Chairman Holden indicated that’s full foreclosure. They are many more that are in the process of foreclosure and the people; hopefully, can bale on it through a sale and recover.

Chairman Holden asked if there were any other questions for the Tax Collector. There were none. He thanked Ms. Onderko for her time.
Lou Marusik, Finance Director commented that usually there is a mission statement in the front and usually everything that he wants to say is right there.

Chairman Holden asked if there were any questions from either Board on the -5200 line series.

Alderman Jack Finn asked a question regarding the Police Department. They requested $134,177 and Mayor only approved $40,000 this year, a decrease of $94,177. He asked if he is given any rationale as to a reason why.

Mr. Marusik responded that he would refer that question to the Mayor.

Alderman Finn asked if the Mayor shares that with him.

Mr. Marusik responded that if he had the answer, he’d give it to him.

Chairman Holden asked if there were any other questions on Management Information Systems.

Judson Crawford asked about his Statement of Goals and where he is with the process of making the Assessor and the Tax Collector information available on line and (inaudible).

Mr. Marusik responded that when they give him an Assessor he can answer that question.

Sensing no other questions on MIS, Chairman Holden moved onto Accounting & Control, the 5700 line series.

**-5700 ACCOUNTING & CONTROL**

Faith Hack asked a question regarding Other Outside Services, she noted that there is $10,000 more than last year.

Mr. Marusik responded that is ADP’s cost for all the systems that they use.

Faith commented that usually they are between 3% and 5% - that is a lot to go up.

Mr. Marusik agreed and stated that ADP is very expensive and they are the only shop in town.

Faith asked if they could call them up and tell them they are a municipality.
Mr. Marusik responded that they competitively bid things from time to time and that is how they try to keep people honest.

Judson Crawford indicated that he had a question about Regular Payroll. He asked who the Accounting Officer would be.

Mr. Marusik responded that was Pat Purcell.

Sensing no other questions on the -5700 line series, Chairman Holden moved onto the -5500 line series for Purchasing.

**-5300 ASSESSOR**

**-5500 PURCHASING**

Chairman Holden asked Mr. Sullivan if he had an opening statement.

Gene Sullivan, Purchasing Agent indicated that he had no opening statement.

Chairman Holden asked if there were any questions from either Board for the Purchasing Agent.

Judson Crawford asked if he could go under Training where he is requesting $2,500 and he has only expended $250 on this report.

Mr. Sullivan responded that as they can see in his Statement of Goals, one of the things that he is trying to accomplish is to become a certified in municipal purchasing. He has a test this May to do that and it is out of pocket, his own money, $1000, and he doesn’t get reimbursed until he passes the test. In saying that, after receiving certification, there are going to be ongoing training and seminars that he is going to have to maintain to get what they call CEU’s (Certified Educational Units). In a 5 year period of time, he has to get X amount of CEU’s in order to be upgraded.

Alderman Finn asked if he submitted a purchase order for reimbursement on that.

Mr. Sullivan responded that there is a form and he can be reimbursed up to $500. He responded to Judson that he hasn’t used that much of that money to date but he thinks that next year there will be a need because he is going to have to take some of these courses. Some of these courses can be as much as $300 a piece.

Judson Crawford indicated that for the last year, his department has returned to the City $79,391. He asked if he thought he would be expending his line items this year or returning it.
Mr. Sullivan responded that over the past couple of years, they may see the history, that he has brought it down, brought it down, brought it down a little bit and he’s getting to a point where they are comfortable and he is looking into avenues to reduce costs as well. They are talking about energy, gas and oil because they don’t know what is going to happen in that part of the world so he doesn’t have a crystal ball. That affects everything from the shipment of office supplies to lights and heat. He can’t answer that wholeheartedly and 100%.

Judson asked about his Fees & Subscriptions line item is showing $960 expended to date. He asked if everything been subscribed to.

Mr. Sullivan responded that he does not think so because toward the end of the fiscal year a lot of renewals come in.

Judson commented that there is no breakdown on what he is subscribing to.

Mr. Sullivan responded that he could provide him with a breakdown of what he is doing on that.

Sensing no other questions, Chairman Holden thanked Mr. Sullivan and indicated that he works closely with him and thinks he does a terrific job.

Charlotte Madar noted that they need to do Utilities and that is Gene too.

-4600 UTILITIES

Chairman Holden commented that they have already had some informal discussion of the utilities, and frankly these numbers that they are starting off with may need to be adjusted. It might make more sense to allocate a little bit more to the Alderman’s reserve account so that if an adjustment is needed, they can address it there.

Alderman Finn commented that Utilities returned $305,797 for the last fiscal year and in a two year period of time that account did return $763,465. He has been making some gains in there by reducing some of the costs for them. There’s a possibility they could reduce one of the line items.

Alderman Papa asked Gene Sullivan if he might want to tell everyone the money that he saved on street lights. UI came in and he saved $40,000.

Mr. Sullivan responded minimum, but $40K is being conservative.

Mr. Marusik commented that there is no wiggle room whatsoever in Hydrants, $1.2M.
Faith indicated that there wasn’t last year either.

Mr. Sullivan stated that he thinks the Hydrant charges went up a little bit if he isn’t mistaken.

Mr. Marusik commented there was one more hydrant, it wasn’t many hydrants, but it tends to creep up depending upon projects.

Alderman Papa asked if they had any idea how many hydrants they have.

Mr. Marusik responded that he thinks it is 1,200 and something.

Mr. Sullivan stated that to get back on the street lights, they did save about $40,000.

Alderman Papa asked if that was by reducing the lumens on some, not all, of the lights.

Mr. Sullivan responded yes, actually all of them except the ones that were 100. They didn’t reduce them.

Alderman Papa commented that there wasn’t much difference between 150 lumens and 50 lumens.

Mr. Sullivan responded yes and they went down 200 to 100 and 300 down to 200. He was told that to the average person, there was not much of a difference.

Alderman Papa indicated that the question came up at Public Health & Safety and Gene sent a letter to the Committee telling them that there was not much of a difference in 50 lumens.

Mr. Sullivan responded yes, that is what he was told by UI.

Alderman Finn commented that Mr. Sullivan already adjusted that and it reduced them by $40,000.

Chairman Holden stated that there may not be wiggle room in the Hydrant charges but it really sticks in his craw that the Hydrants cost more than the Fire Department.

Alderman Papa responded that they do go hand in hand though.

Chairman Holden stated yes, they need them both but they have fire fighters who are volunteering a lot of time and putting their life at risk and that department gets less than the costs of the hydrants.
Alderman Finn responded that each year it goes down too.

Chairman Holden commented that particularly when they ask for turn out coats, that is something where…

Mr. Sullivan added that is why Aquarion is a monopoly.

Alderman Finn commented that he was glad that came up even though it isn’t on the agenda because if turn out gear goes through fire and gets ripped or torn or anything, it can’t be worn any longer. It can’t be patched and if there is nothing in storage, that fireman does not have any gear.

Alderman Papa responded that it has to be replaced then.

Chairman Holden asked if there were any other questions regarding the Utilities. There were none and Chairman Holden indicated that they still have to do the Assessor.

Mr. Marusik responded that the Assessor isn’t coming because they don’t have one. He stated that they are working toward their re-val on October 1st of this year and they are looking to fill that slot with a qualified, certified assessor.

Alderman Papa asked if there were people applying for it now.

Mr. Marusik responded that they went through a couple of people who didn’t like the fringe benefits. They were qualified but turned them down. Not too many people applied; he thinks it was about four.

Alderman Papa responded that he was surprised.

Alderman Finn indicated that one person was contacted but they waited so long that he already accepted a job somewhere else.

Alderman Papa asked if the Deputy Assessor doesn’t want a full time position.

Mr. Marusik responded yes, correct, the Deputy Assessor doesn’t want to accept that responsibility - probably because of the in-house re-val. However, she does very well and has been an anchor in that department.

Mr. Marusik indicated that the thing there is that if are qualified, they can take the job, but he can’t win a race with a turtle. He only wins with rabbits.

Alderman Papa asked what happens if they are all turtles in the race.

Mr. Marusik responded that then he would retire. He really wants to point out to them is that all these particular department head jobs that report to him have to
be take-charge people who know their stuff and can get things done when it needs to be done. Not whining is the difference between a pro and a turtle. The biggest heart ache for everyone in this room would be if they get a new assessor and then find out White Hills was left off the new re-val list – or half the streets are excluded for whatever reason. There was a computer glitch situation in Stratford which resulted in a 50 million dollar swing in the Grand List. His biggest fear is to leave something off the list that belongs there because they didn’t see it or because there was some sort of a glitch. They could get a real black eye from that.

Alderman Papa asked if they had an outside source that does the assessing.

Mr. Marusik responded that they have an outside person who does commercial and residential and is very good in the courts. They are lucky, they just signed a $60,000 contract with him that was just approved by everybody. He just saw the invoice for $6,000 so if they don’t pay him within 30 days, it’s 1% interest – and he’s worth it. Because when companies take them to court, they go for broke. If they want $2M, they ask for $10M but as soon as they hear who he is, they take it down to what it should be realistically. And sometimes they don’t even go to court. That would be one of the big situations that they would have a weak spot in, but they don’t because of him. Again, that is all they need – a good, qualified person. There is one who is very qualified and interested, so they’ll see how that goes.

Alderman Finn commented that the whole Assessor’s Office is highly qualified and they are hard workers. Through the work that they do in their office, they provide information to the tax collectors.

Mr. Marusik responded that is because he has insisted upon people becoming certified. He thinks that they have three certified people down there right now. The whole Tax Department is State-certified – that isn’t found anywhere. That was the major weakness in those two department going back in years.

Alderman Papa commented that he’s upgraded over the years.

Mr. Marusik indicated that he told people that money would be there and to go get certified, and it caught on.

Alderman McPherson commented that their results show for that hard work. They are very lucky.

Chairman Holden asked if there were any other questions from either Board.

Judson Crawford asked if, since Gloria is no longer with the City of Shelton, is the amount that is under Regular Payroll for the Assessor position sufficient enough to attract qualified candidates for that position.
Mr. Marusik responded yes.

Sensing no other questions for this line item, Chairman Holden moved to Risk Management.

**-5600** **PUBLIC RISK MANAGEMENT**

Chairman Holden indicated that he knows that the Mayor had increased the Worker’s Comp costs for Self-Insurance from $850 to $950.

Mr. Marusik responded yes, that is a good thing and if they take a look at the Audit Report they will see why he did that. It is something that they have to get on top of.

Chairman Holden commented that it is partially because of a bad economy.

Faith Hack asked when they use that money, because nothing has been taken from that account.

Mr. Marusik responded that goes into an internal service fund. All that money gets transferred in; it is an accounting entry that does that. The whole amount belongs there now; the unspent balance should be zero.

Alderman Finn asked if Miller Associates sent them anything indicating what the increase in premiums is going to be this year.

Mr. Marusik responded no, that takes place in May sometime, almost simultaneously with setting of the mil rate. What happens is that they wait for what your exposure is this year and that determines the premium for the following year. So it is never early in this year. They would rather set it based upon actual costs through June 30th but that would be too late for the mil rate setting. It will basically go with 10 months experience from this year and that determines what next year’s rates will be.

Alderman Finn asked about his Commission.

Mr. Marusik responded that the Alderman approve the Commission on that one – that is between you and him.

Sensing no other questions on Risk Management, Chairman Holden moved onto line item -4500 Debt Services.
DEBT SERVICES

Mr. Marusik indicated that what is interesting there about that amount for fiscal year 2011-2012, $7.7M is for the BOE.

Chairman Holden responded that one of the points actually that had been made and in a conversation with Arlene, she was talking about how much faster the City side of the budget has gone up in recent years relative to the BOE's. if they took a look at the Debt Service for investing in the schools, it evens things out a little bit.

Mr. Marusik stated that it is $7.7M that you would add (inaudible) to their side and subtract from the other side – it is like a (inaudible).

Chairman Holden stated on the other hand, he thinks that it is great that they have been able to do as much as they have by investing in the infrastructure.

Mr. Marusik indicated that he doesn’t think that they want to be able to give you any grants for the future.

Alderman Papa added that it has also been stable. There are no real peaks and valleys, it is steady – one bond comes off and they slide another one in.

Chairman Holden stated that it’s terrific that they do short term bonding.

Mr. Marusik responded that the only reason that they got that was good cash management and then the needs tie in with that.

Chairman Holden indicated that he thinks that the use of shorter term bonding has been huge help as compared to other communities. They are sitting on a lot of long term debt.

Mr. Marusik responded that no one understands why they have 5 year or 10 year bonds, excluding the 2% money on the water treatment plant – they went to 20 years on that one to get the 2%. When they go to the rating agencies, they can talk rings around them. In ten years they don’t owe anyone a penny.

Alderman Papa stated that is good financing.

Mr. Marusik stated that goes back to the time of Frank Rossi – Connecticut National Bank. He told him not to go beyond 10 years because they’d be paying more on interest than principal. He has been fighting through three mayors to get that done. He’s been doing it and it has not always been that easy because the temptation a lot of times has been to go to 30 years, on buildings, when times were tough.
Alderman Papa commented that is one of the reasons why their credit rating is so good.

Judson Crawford stated that the Mayor cut the Long Term Debt Interest by $574,207.

Mr. Marusik responded that he refers to the Mayor as the Chief Financial Officer – so refer that to the Chief Financial Officer. It is the Mayor’s Budget Plan.

Faith Hack asked how he could do that.

Mr. Marusik responded that she should take a look at the City Charter.

Faith asked what determines those figures – they aren’t drawn out of hat.

Mr. Marusik responded that she needs to remember that this is 18 months before things happen, can happen so he refers that question to the Mayor.

Faith asked if these figures were estimates.

Mr. Marusik responded yes.

Faith asked for the rationale on the Combined City Indebtness – in going from 2010 to 2028 and adding up $95M.

Mr. Marusik responded that was the total indebtedness of the City.

Faith asked if they were paying $95M.

Mr. Marusik responded that is what they would paying at so much interest - that is their legal commitment – to pay those things right there – principle and interest going out in time.

Faith asked if it was from where they stand right now – and asked if it’s a good thing.

Mr. Marusik commented that time is money so they are going to be continuing to be reborrowing...they got all this money in, and as the years unfold they have to pay not only principle but interest. So that’s what they’ve got.

Faith commented that there is no such thing as being paid off in 10 years.

Mr. Marusik responded that is no greater than 10 years – is it?
Faith indicated that she is looking at the Combined City Indebtness 2010 to 2030 – that’s 20 years, isn’t it.

Mr. Marusik responded that is factoring in the Water Pollution Control Plant. The WPCP is a special revenue fund not a general fund, but they do pick up the debt service, that is the difference.

Sensing no other questions under Debt Service, Chairman Holden asked everyone to take a look at the Revenue Accounts.

**REVENUE ACCOUNTS**

Chairman Holden asked if anyone had questions on the Revenue Accounts.

Faith asked about the Conveyance Tax, the department indicated $750,347 and the Mayor is recommending $1M. She stated that she looked at the Governor’s budget on Page 22 and that seems to be where he got the $350 - $347, it is the exact same number, so what is the rationale for the million dollars.

Mr. Marusik responded that means it’s a budget number that is the Mayor’s estimate of what is going to take place there – of what the Town Clerk is going on Conveyance Tax for 18 months from now.

Faith asked if there was going to be that huge difference between this year and last year.

Mr. Marusik responded that he thinks $800,000 is going to be alright. You don’t see it there. The Town Clerk felt comfortable with $400,000 but the Mayor took a look at it and determined that she is probably going to do better than that because she is very conservative.

Chairman Holden stated that they also the situation where they were talking about having more building permits next year. He said that he felt comfortable with $10,000 increase in that line item.

Mr. Marusik responded that it is starting now. They see it on a daily basis and he follows that so he probably has the best feel on that .

Alderman Papa commented that the State also let them increase, a certain percent is almost – doubling – so instead .25 they are getting .50 So, if somebody sells a house, They get more money up front.

Mr. Marusik responded yes, they get more money and they are going to get more money, but that has to be approved by legislation. There are a lot of things in there that are going to be interesting to watch.
Alderman Papa commented that is a big increase right?

Mr. Marusik indicated that in two calendar years, she has collected $400,000 and that is in a flat economy. Now they are saying they are going to double that – there’s $800,000 there. He thinks they are going to be better off than what she is planning. The probability is 50-50 on that one – at the least.

Faith responded that if they don’t get it, then they are in the hole though.

Mr. Marusik stated that is the same with all the estimates that they have on revenue – its reality.

Charlotte Madar asked about the Connecticut Narcotic Task Force. Last year, it was all zeros and this year it is $18,000. She asked why they are getting revenue from the Narcotic Task Force.

Mr. Marusik responded that they are supplying policemen to do that kind of work. They are reimbursing us. The chief is loaning out like dog sniffers and detectives who have those skill sets to help other towns.

Judson Crawford asked about the LOCIP, the Governor has stated that he is going to give them $273,609 but the Mayor is putting a figure of $300,000 and showing a difference of $26,391.

Mr. Marusik responded that his general opinion is that LOCIP doesn’t belong in the General Fund. They ought to throw it out and put into a special revenue fund where it belongs. It is a capital improvement program so the unspent money does not revert to the General Fund.

Alderman Papa commented that LOCIP can be rolled over to next year, correct?

Mr. Marusik responded yes, that is why it does not belong in the General Fund. That could be taken out and all it would do is reduce revenues and expenditures by $300,000.

Alderman Papa asked if it was a wash account then.

Mr. Marusik responded that is money that they get each year and it sits there until – the project has to be approved, the money expended and then reimbursed. If the project isn’t approved, they can’t even spend it. He has all the regulations on that and what it is good for.

Faith asked about the P&Z Dept. for the receipts. It indicates that 11-12 was $28,650 and the department request in the budget doesn’t show that.

Mr. Marusik responded that it must be added with some other account.
He asked her for the account number.

Faith responded that it was #3418.

Mr. Marusik looked at his information and responded that it should be $28,650 – he told her that was a good catch. So, she just found some money there. It was keyed in wrong.

Faith asked about why isn’t there a separate line item for the designated reserve. There is a surplus in each person’s budget every year. Why couldn’t that be more transparent and put into one line item instead of letting it be in everyone’s budget.

Mr. Marusik responded that is why they are sitting here. They can do anything that they want with the budget. It is not the Finance Director’s budget. Look at the City Charter. It is the Mayor’s Budget and he just assists the Mayor.

Faith commented that they could be a little more transparent to the public if they let that money show in another area. It comes back out anyway. It comes back every year. They sit here and the police, the fire department – they are never allowed to spend their budgets – so why don’t they just show it somewhere else.

Mr. Marusik responded that she talking budget philosophy and should speak to the Mayor about it. It is the Mayor putting this budget together – he assists the Mayor putting it together.

Chairman Holden asked if there were any further questions.

Judson Crawford asked about the Investment Interest account. This year the BOA budgeted $100,000. To date, they have received $326,958. That is over $226,958. Next year the Mayor is stating that he wants to put in $300,000. At the moment, under the ? account, what is the interest rate.

Mr. Marusik responded it was 23 basis points, that is an annual. Money is worthless today. It is hard for people on fixed incomes. If you have a retirement fund sitting there earning nothing it is really tragic.

Chairman Holden asked how they come in with 326 instead of 100 – did their numbers come in or what.

Mr. Marusik responded that they do very well when they have bond issues and they get premiums on that and those are amortized and that folds into it. The interest rates should be trending up as the economy gets better little by little. He just found out that Connecticut added 10,000 jobs last year. However, he doesn’t see it in the $3.5 billion dollar deficit.
Alderman Simonetti arrives at 8:00 p.m. from a Building Meeting.

There were no further questions regarding Revenue Accounts.

Chairman Holden stated that the last night of interviews would be Tuesday, March 15th at 7 p.m. It will be Miscellaneous, Capital Spending, Outside Agencies, and Contingency funds. The remaining meetings will be A&T Budget Workshops for A&T members; BOA members are welcome to attend as spectators.

**ADJOURNMENT**

Chairman Holden indicated that with no further business on the agenda, he would adjourn the meeting at 8:03 p.m.

Respectfully submitted,

**Karin C. Tuke**
Clerk, Board of Apportionment and Taxation
Tape (1) on File with the City Town Clerk’s Office.