

April 13, 2009 - Special Town Council Meeting

At a Special Meeting of the Town Council of the Town of Middletown, RI, held at the Middletown Town Hall on Monday, April 13, 2009 at 6:00 P.M.

Vice Chairman Richard Cambra, Presiding

Councillor Frank A. Bozyan

Councillor M. Theresa Santos

Councillor Edward J. Silveira, Jr.

Councillor Barbara A. VonVillas, Members Present

Council President Christopher T. Semonelli, Absent

Councillor Robert J. Sylvia

POSTED – April 8, 2009

Wendy J.W. Marshall, Town Clerk

Town of Middletown

Town Hall – 350 East Main Road

Middletown, Rhode Island 02842

Dear Mrs. Marshall:

Pursuant to the provisions of Article II, Section 203 of the

Town Charter and in accordance with Sections 42-46-2., 42-46-4. and 42-46-6., RIGL, I hereby call a Special Meeting of the Town Council to formally consider, discuss and act upon the following item of business:

Overview of FY 2009-2010 proposed Department Budgets – General Fund, Parks and Recreation Fund, Sewer Fund, Refuse and Recycling Fund and CIP

Said meeting will be held on Monday, April 13, 2009, at 6:00 P.M. at the Middletown Town Hall, 350 East Main Road, Middletown, Rhode Island 02842.

Christopher T. Semonelli,

President

Middletown Town Council

CC:

Town Council

Public Library

Finance Director

Town Administrator

Town Solicitor

IT Director

Human Resource Manager

Town Planner

Tax Assessor

Public Works Director

Building Official

Police Chief

Fire Chief

Senior Director

Recreation Director

Town Engineer

This meeting location is accessible to the handicapped. Individuals requiring interpreter services for the hearing-impaired should notify the Town Clerk's Office at 847-0009 not less than 48 hours before the meeting.

On motion of Councillor Santos, duly seconded, it was voted unanimously to receive said communication.

Present, also were Town Administrator Shawn Brown, Finance Director Lynne Dible and Town Solicitor Michael W. Miller.

Town Administrator Shawn Brown addressed the Council reviewing the submittal letter for the fiscal year 2010 budget proposal to the Town Council entered here:

April 1, 2009

Honorable Christopher T. Semonelli and Members of the Town Council

Middletown Town Hall

350 East Main Road

Middletown, RI 02842

Subject: Fiscal Year 2010 Budget Proposal

Dear Members of the Town Council,

The purpose of this letter is to submit the fiscal year 2010 budget proposal to the Town Council for consideration. The following documents are enclosed for your review:

- 1. School Department Transmittal Letter - FY2010**
- 2. Proposed Capital Improvement Plan – FY2010 thru FY2014**
- 3. Proposed General Fund Budget – FY2010**
- 4. Proposed Parks & Recreation Fund Budget – FY2010**
- 5. Proposed Sewer Fund Budget – FY2010**

6. Proposed Refuse & Recycling Fund Budget – FY2010

7. Proposed Meeting Schedule

Binders containing detailed budget information will be provided for you at the meeting scheduled for Monday, April 13, 2009.

We are in a major recession, and possibly a depression. The financial crisis began in 2006/2007 when the subprime mortgage market began to collapse, and it has since morphed into a global economic crisis widely recognized in the summer of 2008 when the media began to cover the collapse of the world's financial markets. The challenge to the Town is balancing the budget while the uncertainty of the crisis plays out on a local, state, national, and global basis.

Both the Town and School are facing a number of issues which are negatively impacting the operating budgets:

Residents and taxpayers cannot afford to pay more for governmental services;

**The demand for services is increasing;
Reduction or elimination of intra-governmental income;
Loss of interest income; and
Loss of cyclic revenues related to permits and fees.**

Because of the severity of the local budget crisis, a number of strategies have been implemented over the past few months, or are being proposed as part of this budget proposal:

**Tap designated revenue streams to fund operations;
Freeze non-essential hiring and spending;
Improve productivity;
Reduce overtime;
Delay maintenance;
Delay capital improvements;
Close facilities; and
Reduce salaries or layoff staff.**

Department Heads began to prepare their capital and operating budgets in November 2008 and submitted them to me for review in January. Their submissions reflected an understanding of the reality of the economic crisis and included very limited new spending. Their efforts to balance the budget and the operational requirements of their departments reflect their respect for the community.

A new dynamic to the budget process was the Town Council's creation of a Budget Advisory Subcommittee to act as a 'sounding board' available to me during the time that the staff was compiling the budget. The subcommittee met every other week beginning in January and was extremely helpful to me and the Finance Office as we culled through a variety of issues. I would like to thank Councilors Bozyan, Semonelli, and Sylvia for making this initiative successful.

General Fund

The proposed FY2010 General Fund budget has been developed based on an overall financial plan that addresses the current and long-term impact of the economic crisis we all face, and specifically responds to the Governor's Proposed FY2010 Budget that eliminates/reduces operational funding from the General Revenue Sharing program, the Motor Vehicle Phase Out program and Education Aid to the school.

Reductions

The proposed Municipal General Fund budget reflects a total anticipated reduction in Intra-Governmental Support of \$897,435; \$829,818 is due primarily to the elimination of General Revenue Sharing, \$27,888 is due to a reduction in Motor Vehicle Phase Out Revenue, \$12,113 is due to a reduction in Library Aid, and \$13,850 from an anticipated reduction to the Elder Services Grant.

In addition, there are anticipated decreases in Building Permit Fees during FY2010 of \$125,000, Land Evidence and Real Estate Transfer Tax Revenue of \$83,000, and \$90,000 in Interest/Investment Income. These revenues should rebound over the next few years.

The proposed School General Fund budget reflects a reduction of \$1,214,251 in Unrestricted School Aid compared to the current year. This includes primarily a reduction in State Operations Aid of \$814,000, and a reduction of \$103,000 in Professional Development Aid. The proposed School General Fund budget also reflects a reduction of \$260,000 in Federal Impact Aid.

The proposed Town and School General Fund budget overall is \$59,737,381, a \$1,666,816 or 2.71% decrease compared to the current year. Municipal Operating expenditures are \$18,208,379, which is a \$541,613 or 2.89% decrease compared to current year, and total Municipal expenditures are \$24,079,904, which is a \$690,421 or 2.79% decrease compared to current year.

The total School District expenditures are \$35,657,477, which is a \$976,395 or 2.67% decrease compared to current year.

- o The closure of the J.F. Kennedy School reflects a reduction of \$834,000 in operating expenditures.**

- o Reductions in personnel costs also contribute to the overall expenditure reductions.**

Tax Appropriations to the School

The proposed General Fund Tax Appropriation to the School Department is \$22,001,421; a \$431,400 or 2.0% increase over current year. The School Department Tax Appropriation request is

\$22,594,597; a \$1,024,576 or 4.75% increase over current year. The difference between the Town's proposed appropriation to the School and the School's requested appropriation is \$593,176.

The proposed CIP appropriation to the School Department is \$300,000; \$150,000 for upgrades to Gaudet Middle School to accept the new fourth grade students, \$75,000 for fire alarm upgrades district-wide, and \$75,000 for paving/sidewalks at the rear of Gaudet School.

Tax Rate

The proposed increase to the net levy in FY2010 is 2.0%.

The full revaluation process is nearing completion. When all commercial and residential assessment data has been finalized, accurate tax rates will be calculated and provided prior to the final budget adoption in June, 2009.

Preliminary data from the Tax Assessor's office indicate that single family homes in Middletown will possibly see a reduction in assessment on the order of +/- 10%. Some styles of neighborhoods may see greater or lesser changes in their assessed values.

Other General Fund Budget Highlights

There is a proposed \$400,000 appropriation from the PPV Special Revenue fund in FY2010 to offset the operational deficit caused by the Governor's Budget cuts.

Other planned expenditure reductions are included in Contingent Expenses.

The Town has budgeted from the CIP Special Revenue fund \$960,000 for the State Grant match funding for the upgrades to the Aquidneck Corporate Park project.

Parks & Recreation Fund

The proposed Parks & Recreation Fund budget is \$1,366,606, an increase of \$61,530 or 4.71% over the current year.

Beach revenues include the adopted increase in the price of seasonal beach passes from \$45 to \$50 for residents and from \$90 to \$100 for non-residents effective with the 2009 beach season.

Campground revenues include the adopted 20% increase in campground rental fees effective with the 2009 season.

Recreation Program revenue and expenditures include the on-going Rising Tides After School Program at the Gaudet Middle School.

The proposed salaries for Beach employees and Lifeguards are based on a revised pay scale that documents different levels of pay based on years of service and responsibility assigned within a job classification.

The proposed Civic Appropriations from the Parks & Recreation fund are \$38,050, an increase of \$10,550 or 38% over the current year due to the transfer of the Boys & Girls Club and Boy Scouts/Narragansett Council from the General Fund Civic Appropriations to the Parks & Recreation Civic Appropriations, due to the recreational nature of their requests, and the addition of Looking Upwards to the Parks & Recreation Civic Appropriations.

The proposed budget includes \$61,000 from the Beach Reserves; \$36,000 to reconstruct the Berkeley Peckham baseball bleachers; and \$25,000 for outdoor showers at Surfer's End and Third Beach.

Other planned expenditure reductions are included in Contingent Expenses.

Sewer Fund

The proposed Sewer Fund budget is \$4,774,541, an increase of \$68,618 or 1.46% over the current year.

The proposed sewer maintenance rate would remain the same at \$11.20/1,000 gallons. The City of Newport data shows that the average annual single-family usage has increased by approximately 2,500 gallons, or 5% over the current year.

The proposed budget includes a \$0 Inflow & Infiltration charge, based on 2008 City of Newport Water Department billing to the Town.

The proposed City of Newport Meter Read Charge would increase from \$22.12/connection to \$31.75/connection, a \$9.63/connection increase, primarily due to the addition of Middletown's share of the cost of the Radio Read Meter project.

The Town continues to actively address inflow & infiltration issues and sewer infrastructure, as reflected in the proposed capital budget for sewer pipe slip lining, manhole rehabilitation and pump station upgrades in the amount of \$1,194,330.

Other planned expenditure reductions are included in Contingent Expenses.

Refuse & Recycling

The proposed Refuse & Recycling Fund budget is \$1,239,780, a decrease of \$103,600 or 7.7% from the current year.

The proposed budget maintains the existing \$50 annual participation fee, for 4,120 participants.

An increase to the bag rates is included in this proposal, bringing the fees back to where they originally were at the inception of the program. For the 15-gallon bag the fee would increase from \$1.75/bag to \$2.00/bag and for the 30-gallon bag the fee would increase from \$2.00/bag to \$2.50/bag.

The proposed budget includes the PAYT grant from RI Resource Recovery of \$160,250. This grant expires on 6/30/2011.

The proposed budget also includes a reduction in the cost of the Waste Management contract in FY2010 of 15%, primarily due to a change to the truck routing and pick-up schedule.

An appropriation from the Capital Improvement Special Revenue Fund (CIP) is included for \$221,665, to cover the FY2010 lease purchase payment for the totes. The lease purchase expires on 6/30/2011.

An appropriation from the General Fund is included for \$114,195, to cover the PAYT operation for FY2010. This is a \$169,942 or 33.6% reduction in the appropriation from the current year.

Other planned expenditure reductions are included in Contingent Expenses.

I wish to thank the Town and School Departments, and especially the

Town's Finance Office, for once again pulling together an exceptional budget program for the Town to consider over the upcoming months.

Respectfully submitted,

Shawn J. Brown

Town Administrator

Enclosures (7)

Town Administrator Shawn Brown noted that the Capital Improvement Program (CIP) was established by a former Council, ordinance in Chapter 35 of the Town Code. The CIP shall be part of the annual budget and funded by Town Council appropriation annually.

Mr. Brown also reviewed the summaries for the FY 2010 Proposed General Fund, Parks & Recreation Fund, Sewer Fund and Refuse & Recycling Fund Budgets entered here:

General Fund

Parks & Recreation Fund

Sewer Fund

Refuse & Recycling Fund

Mr. Brown reviewed the upcoming Council meeting dates entered here:

Monday, April 13th

6:00 PM -

Budget - Overview - General Fund, Parks & Recreation Fund, Sewer Fund, Refuse and Recycling Fund and CIP

Monday, April 20th

6:00 PM -

Bay Ridge Development

7:00 PM -

Regular TC meeting

Wednesday, April 22nd

6:00 PM -

Budget - School Committee (need specific questions by April 17th)

Meeting will be held at the School Administration Building - Oliphant Lane

Monday, April 27th

6:00 PM -

Budget - CIP and Civic Appropriations

Friday, May 1st

12:00 PM to 5:00 PM -

Budget - Town Hall Departments, Police, Fire, Public Works, Refuse, Recreation (Beach) and Sewer.

Monday, May 4th

6:00 PM -

Budget - Senior Board of Directors

6:20 PM -

Budget - Library

7:00 PM -

Regular TC meeting

Monday, May 11th

6:00 PM -

Budget - 1st Public Hearing

Monday, May 18th

6:00 PM -

Fire Department Presentation

7:00 PM -

Regular TC meeting

Wednesday, May 20th

6:00 PM -

Budget - 2nd Public Hearing

Monday, June 1st

7:00 PM -

Regular TC meeting

Monday, June 8th

-

Budget - Final Review

Monday, June 15st -

6:00 PM -

Adopt Budget

7:00 PM -

Regular TC meeting

On motion of Councillor Silveira, duly seconded, it was voted unanimously to adjourn this meeting at 7:25 P.M.

Wendy J.W. Marshall, CMC

Council Clerk