

BUDGET REVIEW COMMITTEE

JUNE 30, 2005

A meeting of the Budget Review Committee was held Thursday, June 30, 2005, at 7:02 p.m. in the Aldermanic Chamber.

Alderman-at-Large Steven A. Bolton, Chair, presided.

Members of Committee present: Alderman-at-Large David W. Deane, Vice-Chair
Alderman David D. Lozeau
Alderman-at-Large Paula I. Johnson

Members not in Attendance: Alderman Lori Cardin
Alderman Rob Shaw
Alderman David MacLaughlin

Also in attendance: Alderman-at-Large Brian S. McCarthy
Alderman-at-Large James R. Tollner
Alderman-at-Large David Rootovich
Alderman Kathryn D. Vitale
Alderman Richard LaRose
Alderman Robert A. Dion

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COMMUNICATIONS - None

UNFINISHED BUSINESS - None

NEW BUSINESS – RESOLUTIONS

-
R-05-239

Endorsers: Mayor Bernard A. Streeter
Alderman Richard LaRose
Alderman Lori Cardin

**RELATIVE TO THE TRANSFER OF \$200,000 FROM ACCOUNT 545
“WELFARE COSTS” INTO EXPENDABLE TRUST FUND ACCOUNT 944-5328
“WELFARE”**

**MOTION BY ALDERMAN LOZEAU TO RECOMMEND FINAL PASSAGE
MOTION CARRIED**

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R-05-240

Endorser: Mayor Bernard A. Streeter

RELATIVE TO THE TRANSFER OF \$142,962 FROM EXPENDABLE TRUST FUND ACCOUNT 981- 5326 "PORTABLE CLASSROOMS" INTO ACCOUNT 681-34 "CAPITAL IMPROVEMENT – SCHOOL PORTABLE CLASSROOMS"

MOTION BY ALDERMAN DEANE TO RECOMMEND FINAL PASSAGE

ON THE QUESTION

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Alderman Lozeau

-
I'd like some clarification. We're moving from portable classrooms to capital improvement portable classrooms. Are we repairing portable classrooms? Moving portable classrooms?

Chairman Bolton

-
I believe what happens is the money gets transferred out so it can be used in conjunction with the money that's in the regular budget to pay for the portable classrooms. I know Mark Conrad entered earlier. Can you help us with this?

Mark Conrad

-
I'm not sure that I can. I've provided to Mrs. Anderson our leasing requirements for the coming year for portable classrooms as I do every year. In the coming year, we're not planning on any new portable classrooms. We're not moving any portable classrooms, nor are we repairing them. It should be a fairly straightforward budget.

MOTION CARRIED

R-05-241

Endorser: Mayor Bernard A. Streeter

RELATIVE TO THE TRANSFER OF \$600,000 FROM ACCOUNT 596-86581 "CONTINGENCY – RETIREMENTS – SCHOOL DEPARTMENT" INTO ACCOUNT 581-19210 "SCHOOL DEPARTMENT – PAYROLL, SEVERANCE"

MOTION BY ALDERMAN LOZEAU TO RECOMMEND FINAL PASSAGE

MOTION CARRIED

NEW BUSINESS - ORDINANCES

O-05-93

Endorser: Alderman-at-Large David W. Deane
Alderman Richard LaRose
Alderman-at-Large Paula I. Johnson

FREEZING THE MAYORAL SALARY FOR FISCAL YEAR 2006

**MOTION BY ALDERMAN DEANE TO RECOMMEND FINAL PASSAGE
MOTION CARRIED**

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HELD IN COMMITTEE

**MOTION BY ALDERMAN MCCARTHY TO TAKE FROM THE TABLE O-05-85
MOTION CARRIED**

O-05-85

Endorser: Acting Mayor Brian S. McCarthy

ELIMINATING CONSERVATION COMMISSION COMPENSATION

- Held in Committee – 4/28/05

**MOTION BY ALDERMAN MCCARTHY TO AMEND O-05-85 BY CHANGING THE WORD
“DELETING” TO “REPLACING” AND ADDING THE WORD “WITH” AFTER “ENTIRETY”
AND CHANGING THE SECTION BELOW TO READ AS FOLLOWS: “EACH REGULAR OR
ALTERNATE MEMBER OF THE CONSERVATION COMMISSION SHALL RECEIVE
COMPENSATION FOR EACH REGULAR OR SPECIAL MEETING OF WHICH THEY ARE IN
ATTENDANCE PAYABLE QUARTERLY AS PROVIDED IN THE ANNUAL CITY BUDGET.
SUCH COMPENSATION SHALL NOT BE PAID FOR SITE VISITATION”**

ON THE QUESTION

Alderman McCarthy

- That will adjust the language so it is consistent with the way our other compensated boards are in fact compensated.

- Alderman Deane

- It appears just through the title of the ordinance that it was to eliminate the compensation altogether and now your amending that?

Chairman Bolton

- How about in the title eliminating the word "eliminating" and changing it to "Pertaining to"

Alderman McCarthy

- That sounds terrific.

MOTION CARRIED TO AMEND

MOTION BY ALDERMAN MCCARTHY TO RECOMMEND FINAL PASSAGE OF O-05-85 AS AMENDED

MOTION FAILED

Division Taken

**MOTION BY ALDERMAN LOZEAU TO HOLD O-05-85 AS AMENDED IN COMMITTEE
MOTION CARRIED**

DISCUSSION – Relative to the Assessing Process and Proposed Changes

Angelo Marino, Chief Assessor.

The process not nearly complete yet. What we've agreed to do, I believe, was to come before you and give you our predictions. Please understand this is by no way final. It's what we've been able to gather from the information that we have currently in our files. The information is the tracking of what's been happening in the marketplace, what's been happening with sale prices, and what's been happening in the individual market segments. The good news is the market, as we know it over the last four years, has begun to slow down. What that means is the rapid inflation in sale prices of what we commonly have in the largest segment of our market – the residential market – has begun to slow. We're not seeing the double digit inflation that we have seen in the past years. I say that in introduction to the fact that what is going to happen is there's beginning to be a convergence between the commercial section and the residential section. Even though the residential market has outpaced the commercial in inflation, it's beginning to converge a little bit which makes us a little bit happier about the impact on taxpayers.

As a way of example, let me give you the three areas of the market in the residential property that you're most familiar with, and that is the single families, two families, three families. What's happened is between 2000-2004, in all of those market segments, there was double digit inflation in sale prices. You can take sale prices and equate that to market value which is the principal that we use when we begin to place assessments on properties. And, that's double

digit every year. Now we're down into the single digits which is a good fact for the implication of what is going to happen for the market values and assessments that market segment.

What we're seeing is the residential properties over the first five months of 2005 have only increased about five percent. The two's and three's have only increased about eight and six percent. That's opposed to about 10 percent for all of those for last year and 9 – 30 percent for the previous year.

What kind of effect is this going to have on the taxpayer? What we have been able to gather from the information that we currently have is that it appears in the residential market, in single and condominiums, we would probably see a shift of about five percent in those markets. The average taxpayer in those markets would see – just from a valuation issue – about a five percent increase in their tax bill. In the two's and three's, it's somewhere closer to about a seven or eight percent shift. It's a seven or eight percent increase in their market value. If you equate what was last year – if the budget was level funded – that is what you would see for as an increase for those segments in the residential properties.

We all know that the budget has a lot more components than just the level funding. One of the things, which I think is going to effect it, is obviously education funding. That needs to be factored in. But from pure valuation standpoint, that's what I anticipate we will be seeing when we get around to sending out notices to taxpayers as to what's happened with the updated properties.

Alderman Rootovich

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That five percent for residential, you have to add that five percent onto our current budget of 6.9 so you're looking at about a 12 percent increase.

Mr. Angelo

-
The figures I've quoted are just the effect of the valuation. It has nothing to do with the budget at all. It's comparing dollars we spent last year to using the tax base against those dollars.

Alderman Rootovich

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And a two and three-family homes will see a 14 or possibly 15 percent increase in their tax bill.

Mr. Marino

-
I don't think it would be that high, but it would probably be about ten.

Alderman Johnson

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Do you have any idea how low you're going to drop the tax rate this year to compensate for the new assessed values?

Mrs. Lemieux

I don't know off-hand. It's strictly a mathematical calculation. If Mr. Marino comes up with a determination of what the total assessed valuation of the city is, we take that number and divide out the dollars that need to be raised by property taxes. You divide it by whatever the new total assessed valuation is for the city. It is strictly a mathematical formula at that point. I think the point we are trying to get across here is if we know that there is going to be a five or six or seven percent shift – depending on which category your home is in – you would add that percentage to our projected percentage increase based on the budget and you would expect a person's bill to increase by the sum of those two numbers. The tax rate itself presumably will be going down once again. But the bill is obviously not going down. That's the number that we are trying to target here.

Alderman Johnson

I am glad we got this in the open. I'm glad it's being told that the tax rate went down, but obviously the numbers that they are going to be paying is not going to be lower. It's going to be higher. Thank you.

HELD IN COMMITTEE

**MOTION BY ALDERMAN DEANE TO TAKE FROM THE TABLE R-05-185
MOTION CARRIED**

R-05-185

Endorser: Mayor Bernard A. Streeter

ESTABLISHING THE USE OF UNDESIGNATED FUND BALANCE FOR TAX RATE

- Held in Committee – 3/02/05

**MOTION BY ALDERMAN DEANE TO AMEND R-05-185 BY ADDING \$265,000 TO THE
AMOUNT TO BE APPLIED TO THE CALENDAR YEAR TAX RATE**

ON THE QUESTION

Carol Anderson, Chief Financial Officer

When the budget was submitted in February, it was anticipated that the savings on the refunding that we were going into – we would be able to recognize all the savings, or the majority of it, in FY06. In the budget it showed a negative \$350,000. When the bond was sold in late March, we

were only able to take about \$75,000 in 06 and the rest of it we had to recognize in the 05 year. What this is doing is taking that savings, which was \$265,000, which would lapse the surplus, but it has the same effect on the budget. We need to apply it as undesignated fund balance, a surplus, to the 06 tax rate. I believe there was a motion made several nights ago to add the \$350,000 back to bonded debt. The bonded debt was actually even. The new interest amounts were put in the budget. Then the remaining \$265,000 was removed.

MOTION CARRIED

**MOTION BY ALDERMAN DEANE TO RECOMMEND FINAL PASSAGE AS AMENDED
MOTION CARRIED**

**MOTION BY ALDERMAN DEANE TO TAKE FROM THE TABLE R-05-211
MOTION CARRIED**

R-05-211

Endorser: Alderman-at-Large David W. Deane

**DECLARING THAT NO APPROPRIATION OR TRANSFER WILL BE FUNDED FROM
ACCOUNT 802-299 "SEWERAGE DISPOSAL SYSTEM – RETAINED EARNINGS"
FOR TIPPING FEES AT THE FOUR HILLS LANDFILL RELATED TO THE SARGENTS
AVENUE AREA SEWERAGE WORKS IMPROVEMENTS CONTRACT**

- Also assigned to the Board of Public Works; Unfavorable Recommendation Issued 6/13/05

**MOTION BY ALDERMAN DEANE TO RECOMMEND INDEFINITE POSTPONEMENT OF R-05-
211**

ON THE QUESTION

Alderman Deane

With the other piece that the mayor had filed and the amendments that the board had made, there is no longer a need for this. Thank you.

MOTION CARRIED

**MOTION BY ALDERMAN DEANE TO TAKE FROM THE TABLE O-05-76
MOTION CARRIED**

O-05-76

Endorser: Mayor Bernard A. Streeter

RELATIVE TO DISCONTINUING THE SCHOOL BUILDING AND CONSTRUCTION

CAPITAL RESERVE FUND

**MOTION BY ALDERMAN DEANE TO RECOMMEND FINAL PASSAGE OF O-05-76
MOTION CARRIED**

**MOTION BY ALDERMAN DEANE TO TAKE FROM THE TABLE O-05-77
MOTION CARRIED**

O-05-77

Endorser: Mayor Bernard A. Streeter

**ESTABLISHING A NEW "SCHOOL BUILDING, CONSTRUCTION, ADDITIONS AND
RENOVATIONS CAPITAL RESERVE FUND"**

MOTION BY ALDERMAN DEANE TO RECOMMEND FINAL PASSAGE OF O-05-77

ON THE QUESTION

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Alderman Deane

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I believe this is the ordinance where we had the \$10 million and we took \$2 million out which left a balance of \$8 million. We did that in the budget committee, correct?

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Carol Anderson

-
Yes, that's correct.

Alderman Deane

-
So that would establish this with a \$8 million fund balance?

Carol Anderson

-
Yes.

Chairman Bolton

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No further amendment is needed to accomplish this? In light of what some are trying to accomplish through the budget, are the numbers that are now stated in this ordinance are in fact what they are suppose to be in order to accomplish that or whether those numbers have changed and would require an amendment?

Carol Anderson

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The numbers haven't changed. It would be \$8 million that would go into it as it stands now with the budget as amended.

MOTION CARRIED

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ADJOURNMENT

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**MOTION BY ALDERMAN LOZEAU TO ADJOURN
MOTION CARRIED**

The meeting was declared closed at 7:26 p.m.

Alderman David MacLaughlin
Committee Clerk