



## **Finance Board – Workshop Meeting Minutes Wednesday, March 5, 2019 – 6:00 p.m.**

Town Manager's Conference Room, Westerly Town Hall  
45 Broad Street, Westerly, RI 02891

### **AGENDA**

#### **1. CALL TO ORDER**

Mr. Swain called the meeting to order at 6:00 p.m.

#### **2. ROLL CALL AND REVIEW OF STAFF ATTENDANCE**

**Members present:** Chair Kenneth J. Swain, Vice Chair Paula Brouillette, and Members Betsy Gleason and Stephen Lynner

**Members absent:** Christopher A. Duhamel, Ex-Officio

**Staff present:** Town Manager Mark Rooney, Finance Director Dyann Baker, Senior Accountant Kenia Lopez, and Minute Taker Stephanie LaSota

#### **3. APPROVAL AND REVISION OF MINUTES**

##### **1. February 26, 2019**

Ms. Gleason made a motion to approve the February 26, 2019 minutes as submitted. Mr. Lynner seconded the motion. The motion **CARRIED** by unanimous vote with no abstentions.

#### **4. REVIEW & DISCUSSION**

##### **A. Town Manager's Overview and Presentation of the F/Y 2020 Municipal Government Budget**

Mr. Rooney and Ms. Baker discussed the property and motor vehicle tax numbers. He said they wanted to highlight that the motor vehicle replacement number is going down and there's nothing the Town can do because that is a state revenue mandate and a reflection of how they've changed that program. He discussed other revenue sources, such as White Rock Quarry being converted from a quarry to a solar field with an initial 3 million bond from Ameresco. He said there will be some reduction in actual Town and school electrical costs over those years but initially, it artificially spikes that number. There was discussion on budgeting of revenue sources. Mr. Rooney said the non-tax rev is important because it's money that the school gets, and there's not a lot of growth on any of these lines, either. He said he wishes the expenses were as flat, but they are not. He said another important one is vacation, meal and hotel tax trends has declined and that is not because fewer people are coming to stay, but because there are fewer hotels. He said The Ocean House, Watch Hill bought three different hotel sites and uses them for their professional staff. He said that has declined because there are fewer people staying in Town. He said they have discussed this issue in the economic development portion of the Town for possibilities on how to deal with this issue. There was discussion on the bed and breakfast Ordinance. There was further discussion on how to capitalize on Airbnb rentals in Town. Mr. Rooney said there may be a backlash, but the Town needs a new revenue stream. Mr. Rooney said it needs to be



researched further and no new tax is going to be popular. Mr. Swain said if the law exists that you can classify a property for nonresident status, then the law presumes you can allow a different tax rate on such a residence.

Mr. Rooney discussed the 7.6 million dollars of capital restricted debt. He said if you subtract 3 million dollars from the Ameresco payment for White Rock Quarry, it is 4.6 million dollars. He said his recommendation to the Town Council will reflect a balanced budget and cuts to the school in conjunction with some recommendations from the Finance Board.

Mr. Rooney reviewed how staffing and collective bargaining agreement impacted the budget at 530,000 dollars. He read that it includes the current agreements and a contingency pool for anticipated contract increases. Ms. Baker said the 2019 budget didn't have the 808 contingencies in it. Mr. Swain asked what the value was for the year they didn't budget for. Ms. Baker said she has to do the projection. There was further discussion on funding contract increases and anticipating next year's numbers. There was further conversation on the cost of staff in school district. There was also discussion of the Westerly Police Department employment contracts. Ms. Baker said the police number is a contingency number. There was discussion on the code enforcement officer position's budget cost and the offset of code fine collections. There was more discussion about contracted part-time employees. Ms. Baker said the Department of Development Services (DDS) contractual services were decreasing by 67,000 dollars and it will be a zero-sum game on that one. Mr. Rooney said it gives (Building Official David Murphy) consistency with a plumber and electrical inspector. Mr. Rooney explained that in DDS there was 11,000 dollars in promotions for career ladder achievement for certifications accomplished, which were contractual pay rate increases. Mr. Swain asked about IT (Information Technology) adding 1.5 jobs. Ms. Baker said one vacancy was filled and this year they changed a part-time to full-time technology clerk for 25,000 dollars. There was discussion on if the 70,000-dollar IT position was in last year's budget or not. Ms. Baker said she would have to look. The vacancy has been there but we may have used some of it to hire a support technology clerk, she said. Mr. Rooney commented that it is difficult to retain qualified IT staff for two or three years. Mr. Swain said there's a bottom line to the department's budget. There was discussion about the process for changing the IT budget. Ms. Baker explained it was part of an Ordinance change approved at a Town Council meeting. Mr. Swain said he wanted to see those meeting minutes. There was further discussion of the IT department's staffing budget breakdown.

Mr. Rooney reviewed the workers compensation numbers and Ms. Baker's summary of the personnel costs. She said the Town had several people being allocated heavier to enterprise funds. Mr. Rooney said insurance claim counting is a new required item and, in the past, the Town has not budgeted for lawsuits. He said it is essentially a deductible for the Town. He said they looked at the last three years average of what was paid by the Town before it went to the insurance level and that's where we came up with the 250,000 dollars. Mr. Rooney said he thinks it is an annual expense and it will need to be watched. There was further discussion on why improving sidewalks in Town was important – for safety and to prevent accidents.

There was discussion on the trends in expenses from the general fund. Ms. Baker reviewed that it is grouped in major categories similar to the way the budget book is presented. She reviewed the nine sections for the Board. She said the total of the 2020 column should be the total of the expenditures as reflected in the budget book. Mr. Swain asked how easy it would be to show capital debt and assign it to the school or Town. Ms. Baker said it could be easily done.

Mr. Rooney asked if the Finance Board would like to review specific departments. Mr. Swain said he would like to start on page 74 and begin going through the budget and entertain a motion to tentatively approve each department's budget that the Board feels is reasonable. He said the Board can



always come back to them if it wants. Mr. Swain said they will have a greater conversation on revenue at the end of the budget process.

There was discussion that there was a decrease to the Town Council budget. Ms. Brouillette made a motion to tentatively approve the Town Council budget at 44,041 dollars. Ms. Gleason seconded the motion. The motion **CARRIED** by unanimous vote with no abstentions.

There was discussion that the Finance Board budget was decreased by 500 dollars. Ms. Gleason made a motion to tentatively approve the Board of Finance budget at 2,000 dollars. Ms. Brouillette seconded the motion. The motion **CARRIED** by unanimous vote with no abstentions.

There was discussion on page 82 of the Town Clerk's budget proposal for 376,786 dollars. Mr. Rooney said that department's increase is based off order for advertising costs of 14,000 dollars being moved to their budget, as well as two 808 contracts in that space. Ms. Baker explained the changes over the last two years in the Town Clerk's budget. Ms. Baker said board of canvassers also has a decrease and they are pooling costs into one place.

Mr. Lynner made a motion to tentatively approve the Town Clerk's budget as submitted. Ms. Brouillette seconded the motion. The motion **CARRIED** by unanimous vote with no abstentions.

There was discussion on the slight reduction of the Board of Canvasser's budget on page 92 at 127,439 dollars. Ms. Baker commented that this will be reduced by about 9,000 dollars because the allocation for a municipal court clerk is no longer shared and is going to the Municipal Court Department on page 706. Mr. Rooney said a deputy town clerk position was eliminated. Mr. Swain asked why they have to float election costs rather than putting it in a restricted fund and carrying it over. Mr. Rooney said it is reflective to our costs for that function. Mr. Rooney said he is getting rid of restricted accounts as much as he can. Mr. Swain said he would like to see balances on all of the restricted funds, as well and he disagrees with the Town Manager on getting rid of restricted accounts.

Ms. Gleason made motion to tentatively approve the Board of Canvasser's budget as submitted. Mr. Lynner seconded the motion. The motion **CARRIED** by unanimous vote with no abstentions.

There was discussion on the Legal Services budget on page 100 of 217,000 dollars. Mr. Swain said there is a slight reduction of about 5.1 percent. Mr. Rooney said he anticipates the Westerly Harbor Management Plan and the 2020 Comprehensive Plan work will be completed and lower expenses. Mr. Lynner referenced Ameresco solar, as well, effecting that budget. Mr. Swain asked if there was a misallocation of payroll taxes. Ms. Baker said all of these are outside services.

Mr. Lynner made a motion to tentatively approve the Legal Services budget as submitted. Ms. Gleason seconded the motion. The motion **CARRIED** by unanimous vote with no abstentions.

There was discussion on the Town Manager's budget on page 101. There is a 41.9 percent increase and they're looking at counting on the costs of potential contract negotiations. Mr. Swain said the small dollar increases look huge in percentages. He said he thinks Mr. Rooney is handling the contingency line appropriately and hopefully next year at this time the Town can itemize how this is spent. There was discussion on health insurance costs and the benefits of the Town's wellness program for employees.

Ms. Brouillette made a motion to tentatively approve the Town Manager's budget. Ms. Gleason seconded the motion. The motion **CARRIED** by unanimous vote with no abstentions.

There was discussion on the Finance Department's budget on page 112, which shows a 20.95 percent decrease to this budget because of a position that was moved. Ms. Baker said the position reports to the Town Manager and not herself. Ms. Baker said there are two accountants on staff and the staff count is the same as last year. She described some other changes in the department. There was discussion on the work to prepare for auditing and cost of that. Ms. Baker said they're preparing for March 18 for auditing. Ms. Gleason commented that most of the reduction in this department is really



reallocation. Mr. Rooney said there is a positive increase in the growth and experience of staff in the department.

Ms. Brouillette made a motion to tentatively approve the Finance Department's budget. Ms. Gleason seconded the motion. The motion **CARRIED** by unanimous vote with no abstentions.

There was discussion on the Tax Assessor's Office budget on page 124. Ms. Baker said it is in restricted funds every year. Mr. Swain said that was ok. Ms. Baker said it is a three-year cycle and we just put the 100,000 dollars back in again. Mr. Swain said when you look at Westerly as a community and compare it to towns of similar population and size and makeup, Westerly has more staff. He said this should be studied. Mr. Swain said they could outsource part of the staffing. Mr. Swain said Narragansett has two staff, South Kingstown has 3.5 staff and Westerly has five staff in this department. Ms. Baker commented that they show dental insurance costs in a separate line so when you look at healthcare, you have to take that into consideration. She added that part of the 808 contract agreement is a reduction in healthcare cost. Mr. Rooney said the 808 did not want to switch and Ms. Baker said another line later in the pension side changed. Ms. Baker said the plan type has changed to high-deductible. Mr. Swain asked what has been going on since 2016. Ms. Baker said she wants to review that.

Ms. Brouillette made a motion to tentatively approve the Tax Assessor's Office budget as submitted. Ms. Gleason seconded the motion. The motion **CARRIED** by unanimous vote with no abstentions.

There was discussion on the IT budget on page 134, reflecting a 10.3 percent increase, which is personnel driven, Mr. Rooney said. Mr. Lynner asked what the big contractual service increase was from last year. Ms. Baker said she would have to go back and look at that. Mr. Lynner said that should go down by more if the staff headcount was low. Mr. Rooney said they are working with Kronos cost for the school system to eliminate timesheets. Mr. Lynner asked if there was a person that had to be paid to fill in and Ms. Baker said no. Mr. Rooney said the cost was project related. Ms. Baker said there were some systems put in that were not fully adopted yet. She said some is training to use what we have and one is a labor system called ExecuTime. She said there are shared costs on the school side. Ms. Brouillette said it would help to have a detail on what contract services says. Mr. Swain said in department software it moved the management software to IT, but where did it come from and where did you see those savings. Ms. Baker said one savings you will see is the cost of paper. Mr. Swain said the Finance Board will wait to approve the IT budget on page 134 at this time. Mr. Rooney said IT drives into many departments. Ms. Baker said she could ask the IT director to come to a Finance Board meeting and Mr. Swain asked for more details from the Finance Department first.

There was some discussion on the Probate Court budget on page 142. Ms. Baker said the increase is a reflection of a staff person under union contract.

Ms. Gleason made a motion to tentatively approve the Probate Court budget as submitted. Ms. Brouillette seconded the motion. The motion **CARRIED** by unanimous vote with no abstentions.

There was discussion on the Municipal Court budget on page 148. Ms. Brouillette made a motion to tentatively approve the Municipal Court budget pending changes to be submitted by Ms. Baker. Ms. Gleason seconded the motion. The motion **CARRIED** by unanimous vote with no abstentions.

There was discussion on the Human Resources (HR) Department budget on page 152. Ms. Baker said she has one adjustment to share. She explained that the HR director position was vacant for a significant amount of time last year and there was a request to shift money to have a part-time payroll specialist and a second person to share HR duties. Mr. Rooney said 85,000 dollars is actual costs and Ms. Baker said it is split among enterprise funds, as well. She said the 38,000-dollar vacancy was used to make another staff member full-time. Mr. Swain asked if last year the Finance Board approved a



budget for 38,572 on that. Ms. Baker said it was adjusted because there was a part-time payroll specialist was a payroll assistant. Ms. Baker said they went to Town Council, because they knew it was an addition of a position. She said this was part of an Ordinance discussed earlier. Mr. Swain said what he is missing is you're presenting the 2019 budget as what was budgeted and not as an actual. There was further discussion of the staff changes to the HR budget. Mr. Rooney said both positions are split 60 and 40 percent with the School Department. Mr. Swain asked Ms. Baker to fix the allocation before the budget is complete. Mr. Swain asked if they consider HR full staffed for fiscal year 2020. Mr. Rooney said yes for the Town side, but there's an absence of an HR director for the school. He said from how the school programmed the position cost in the budget he is not sure if the current director is gone yet. Ms. Baker said the note we have from the HR director is to address organizational changes to address inefficiencies and they are looking at what to do to do that. Mr. Swain said he would entertain a motion to cut the 20,000 dollars at this time to zero. He said the Town should get its plan first and then we budget for it. Ms. Brouillette said she would be in favor of putting this budget on hold and getting more information rather than removing it without knowing what it is for. She said that should be a topic of conversation for the budget year. Mr. Lynner asked if there was a comparable number on the school side. Mr. Rooney said it is being studied. Ms. Brouillette said we put it on hold and there is a continued ripple effect of how we operate now on shared services. Mr. Swain said you have told us it is a political issue because you need two bodies to approve. Mr. Rooney said it may be spent and decided before this budget goes into effect. Ms. Baker said she will get more information on it. Mr. Swain explained the Finance Board would table this for now to gather more details on contract sources.

There was discussion on the Tax Collector budget on page 170 on the adjustments referenced from the Finance Department.

Ms. Gleason made a motion to tentatively approve the Tax Collector budget as submitted. Ms. Brouillette seconded the motion. The motion **CARRIED** by unanimous vote with no abstentions.

There was discussion on the Pension and OPEB (Other Post Employment Benefits) budgets on page 178. Mr. Rooney said this is a great thing they did three years ago to get funding. Ms. Baker said the police pension and OPEB contribution was the three-year projection from Nyhart. There was a seven percent discount rate for developing the project, which was adopted by the Town Council by Ordinance. Ms. Baker said the last line - 808 pension - is decreasing because of the way the new contract was structured. There was further discussion on the details of this budget.

Mr. Lynner made a motion to tentatively approve the Pension and OPEB budget as submitted. Ms. Gleason seconded the motion. The motion **CARRIED** by unanimous vote with no abstentions.

There was discussion on the Recreation Department budget on page 200 and its 4.9 percent increase. Mr. Rooney said this may change. Mr. Swain said they will not touch this one tonight.

There was discussion on the Celebration of Public Events budget on page 210. Mr. Swain said someone decreased the Veteran's Memorial budget from 10,500 to 2,000 dollars. Mr. Rooney said two years ago they put 10,000 dollars in the budget for a granite security block for the memorial and it was going to be five granite benches. He said they could not complete the project strategically and there was an issue with the granite sources, as well. Mr. Rooney said the effected group does understand the reduction of budget and it was a one-time cost for bollards.

Ms. Brouillette made a motion to tentatively approve the Celebration of Public Events budget on page 210 as submitted. Ms. Gleason seconded the motion. The motion **CARRIED** by unanimous vote with no abstentions.

There was some discussion on the Municipal Land Trust on page 214. Ms. Brouillette made a motion to tentatively approve the Municipal Land Trust budget as submitted. Ms. Gleason seconded the motion. The motion **CARRIED** by unanimous vote with no abstentions.



Ms. Gleason asked why the percentage change doesn't show a change on page 210. Mr. Rooney said it would have been a negative number and Ms. Baker said that's a formula issue and she'll fix it.

There was discussion on the Conservation Board budget on page 218. Mr. Rooney said it is primarily about rights of ways and surveying them. Mr. Swain asked for more information. Mr. Rooney said there are details with the HMP with rights of ways to the beach and there are eight Coastal Resource Management Council (CRMC) certified ones, 11 to be finished and 19 or 21 Town rights of ways where some are surveyed in and others have to be done through deed and title work. Mr. Swain said he would like to table this budget to get more details. Mr. Lynner clarified a lot of the cost was survey work. Mr. Rooney said yes, and putting permanent markers down and getting outside contractor work.

Ms. Brouillette commented on the capital plan and the nature of overview Mr. Rooney gave, that revenues are flat and slim for operating the way we are. She said they spoke about this last year and one of the biggest complaints overall is how we maintain our assets in both the school and Town side and how we manage them. She said the Board talked briefly with the school about this. She said the school basically asked for the entirety of the operating budget increase and that leaves the Town with zero dollars to operate with if we went with no cuts. Ms. Brouillette said one thing we can offer as a Board is where some of the pit falls will come. There was discussion on the square footage of properties the Town is responsible for. Mr. Rooney said he assigned the IT director a task to find all the Town properties and there were 80 properties that no one knew we had and that were not on the insurance. Ms. Brouillette said she went through the same thing in another community. Mr. Rooney said we have taken a lien on the taxes, but not foreclosed yet. There are a few of those that developers are interested in and it would be in the Town's interest to put them back on the tax bracket, he said. Mr. Rooney said the capital needs to be done in that way, but we need to have a common operating definition of what needs to be capital funds. Ms. Brouillette recommended the Finance Board do a more comprehensive capital plan and capital equipment replacement fund. Mr. Rooney said capital is stuff that lasts beyond 20 years. Mr. Rooney said it's in the Government Finance Officers Association (GFOA) standards. He said there is no CERF (Capital Equipment Replacement Fund) account.

**5. OTHER BUSINESS**

None.

**6. PUBLIC COMMENT**

None.

**7. ADJOURNMENT**

Ms. Brouillette made a motion to adjourn the meeting at 8:00 p.m. Ms. Gleason seconded the motion. The motion **CARRIED** by unanimous vote with no abstentions.

Respectfully submitted,

Stephanie J. LaSota  
Minute Taker