

Cotuit Fire District  
Prudential Committee  
11 April 2016  
5:00 PM

- Fran: I'm going to call the Cotuit Fire District Prudential Committee Meeting of the 11th of April, 2016 to order. Could I please have introductions starting with Mr. Dailey?
- Michael: Michael Dailey, Treasurer.
- Laurie: Laurie Hadley, Prudential.
- Stan: Stan Goldstein, Prudential.
- Fran: Fran Parks, Prudential. Is anyone recording?
- Female: Barbara Trainor-Tessier.
- Fran: Barbara Trainor-Tessier is recording. Is there any public comment? You need to turn that on.
- Ken: Ken Molloy, Oxford Drive and moderator. For a meeting like this with a budget review, I think it'd be nice to have copies for the public to work along with it. Otherwise, why do we come? Thanks.
- Fran: It will be available. Just to let you know, the budget hasn't been finalized. That's what the meeting is about tonight. Let's start with the FY '17 budget review. Thanks.
- Michael: This is pretty similar to what you saw at the last meeting. If you recall, we went down and started putting numbers down. These are not all of the articles. We still have articles to develop and present. This is basically your first cut at this budget. I know that Fire Chief is here and he has somewhere else to go. If you don't mind, you could take the chief and let him walk you through the budget, and then we'll go back and do the rest of the budget together.
- Fran: That's fine. As you know, we had a union negotiating meeting prior to this and we've come up with an offer, which would be 3, 3 and 3. I don't know what the figures are, but that would be for '15, '16, and '17 fiscal years. Part of the negotiated settlement would be that this increase would be in this year's warrant for the annual meeting.
- Michael: Actually, we would amend the budget we're working on for '17 to adjust and then we would take a look at the current year budget to pay out the prior-year retro and the current year. We may need to put an article to amend article, whatever they were this year, 7 or thereabouts, if we need to add to it. I assume

that this history is, the district approved the settled contracts at a district meeting. That's a rule on article. Some places do. Some places don't. The district, the parties agree and then the budget is funded.

Fran: Correct.

Michael: We wouldn't need an article to settle the contract, but what would need to do is if we could look at the current budget, if it could handle the two years worth, then we would be offset. We have a reserve fund that we could look at that may help, but we may have to add an article to fund the '16 budget to adequately finance it. I know they've been strapped over time because of all the injuries this year as well. One likely we'll just do an article to amend the fiscal '16 budget.

Fran: Great. Thank you.

Michael: We put the '17 budget to bed correctly.

Fran: All right.

Stan: I have a question. It was one comment that you made, Mike, or some comments. If we don't get the budget that the contract wrapped up by 30 June, something about FY '15.

Michael: Correct.

Stan: 2015 goes away. It makes it more complicated. Could you explain that?

Michael: No. There's a state law that prohibits cities, towns, districts from funding contracts back more than 2 years. If you fund the contract in '16, you can fund '16 and '15. If you don't fund the contract before '16 terminates, you can go back into '16 during '17 and you can do '17, but you couldn't reach back and do '15. You'd have to have a zero year and then just negotiate around the second and third years if you go beyond June 30th.

If it gets settled now, then in '16, you can pay '15 and '16, and in '17, you'd pay '17. You'd be within the scope of the law. Go past July 1st, and you can't retro '15.

Stan: Thank you.

Michael: The budget, I can introduce. The fire budget doesn't have anything in it for any salaries in the form that you're looking at. It's going to be article number 5. You will find it on page, I believe, 6. Chief, if you want to come up and do the fire budget reading. We start on page 6. We're basically the same as yours.

Christopher: Exactly. It is that.

Michael: If you have any questions for the chief, why don't you go through this with him? Salaries are at just basic current language.

Christopher: Zero, correct.

Michael: We'll have to calculate what the adjusted values are for the wage structure for '17 and build a revised salary wages side. The expense budget is pretty much straight forward. You can see all the changes in the lines and they're pretty much flat, and a lot of changes there. The articles, we have a rehab of 263 to 50,000 and the ventilation for 26. We have article 6 and 7. That's why I prefaced this statement, there will be more articles formulating and coming out. You're going to vote the warrant on the 20 ...

Fran: Twenty Fifth.

Michael: Twenty Fifth, that'll be Monday night of your regular meeting. We'll bring some articles. There was an article to fund the fire truck. It was all stabilization fund last year. The truck has been pretty much moving along. Whatever is left that we know is going to be left, I'd like to put back into the stabilization fund. We're talking about a potential article to have the district lower the appropriation and return the funds to the stabilization fund. That may come up between now and your next meeting.

Fran: Is there any idea of how much that might be?

Christopher: Hi. Christopher Olsen, your fire chief. We don't know because we're waiting for the hose to be calculated right now and IPS, Industrial Protection Services are getting that quote for us and we're just waiting for him. He was on vacation. He did inform us he was on vacation the last couple weeks. He's back in the office right now, so we're just waiting for a quote any day to just get this to Mr. Dailey.

Michael: Everything else is pretty much straight forward.

Stan: I think I know the answer to this, but I just want to hear it from you. Since we have an estimate, an idea of what the settlement might be, is it prudent to throw it into the figures so we could see what it would look like or is that something you don't want to do when thrown in the contract ...

Michael: No. We'll do that. We've already talked and if there was anything, that we need to calculate it and settle it, anyway. Basically, if you look at the actual, stay on page 6 for a second, fiscal '15's actual is right there in front of you, right?

Stan: Yes.

Michael: All the line item comes to a 1.405 million. That's not all bargaining unit driven. Some of it is call, some of it is the chief's salary. It's maybe a 1.250 million. Fair to say?

Fran: Yes.

Michael: So 3%, 36, 40,000; '15, 40; '16, another 40; '17, another 40; incrementally going up as you compound it, but I think that's a fair, quick, down and dirty estimate for you. All right? The budget you see before you will grow by 3 years worth of contract settlement, so go up 120,000 because the first 40 got to be in there for '15, the second 40 has got to be in there for '16, and then the third 40 would be in there for '17.

We'll have to come and adjust this '16, the one, it's in the middle there. That's got to go up by two 40s, if you will, because you're not going to change the '15 numbers. You're going to do two 40s in '16.

Fran: '16.

Michael: Then action it to district meeting, and then 120 into the other, right?

Stan: Yes.

Michael: Because it's 40 the first year, 80 the second, and then 120 the third theory.

Stan: Thank you.

Michael: Anything else for the chief? Feel set?

Christopher: Great. Thank you, sir. Appreciate it. Thank you, board. Appreciate that very much.

Fran: Can I just ask one question?

Christopher: Sure.

Fran: Is there a problem with the septic system at the station?

Christopher: There is and we've talked to a septic company and they said we could probably make it throughout this next year, but we should be looking in for the following years to go through a septic system. I was thinking if we do that, we might want to think about taking our generator and taking off the propane and putting on natural gas, and we could redo the parking lot as well when that happens. It's possible expenditures. The 3 to 5, 10-year plan is going to be in that.

Fran: Great. Thanks.

Christopher: Thank you so much. Appreciate it.

Michael: As fast as we can, if you have an oral agreement and you're going to be moving to settle, then we'll get a better estimate, but I think we're in the range of adding another 120 or thereabouts into this budget to bring it where it needs to be for fiscal '17. Why don't we just go through the whole budget book, starting with the first page?

Actually, last time we got together, I hadn't really filled in page 2. If you flip, this is already changed. It's a game we play. The revenue side is rolled out now since we picked up the fire budget at the last meeting and the water budget, and I've trued up much of the rest of the district's budgets. What you begin to see is, we're in that zone of 2.5, 3% tax levy increase. Now, if we add 120,000 to that, then that's going to bring us up. I'll true this up again as we go through this and get you a new version.

We're in the zone coming into this meeting of being a little bit on the town's norm, is about 3% or thereabouts with the new growth that they add in. We're in the right place as we start out here. We're not using any nonrecurring sources of funds for recurring expenses. We've got a pretty good revenue side that we're beginning to see now. Basically, we have 2-year average of about 2.5% before the 120. One of the goals was to try to stabilize the budget and stop having these wild swings. I think we finally have achieved that goal.

Page 3 of 15 is the reserve fund and I have put it in the 30. It's been 35 a year as far back as we go, page 3.

Fran: Page 3.

Michael: 3 of 16. I'm bringing you a budget that's at the 2.5, but I've lowered this by \$5,000. You can see that at 35 in '14, you basically used about \$6,000, and the same in '15, and we haven't touched it in this year. It's at 35 this year. I'm recommending that you bring it down to 30. I think it's adequate at this point. Your budget isn't as challenging as it used to be.

Stan: Is that going over the long time? Say, \$5,000 over 10 years is 50k. Historically, everybody okay?

Michael: I think so. I think if you're a \$3 million operating budget and you've got a 1% contingency ... The budgets are pretty solid. It's not like your budgets are so tight that everybody is stretching and popping out of their budget every time they turn a corner. Fire is pretty solid. Water is very, I would say, robust. The rest of them are not to the point where they're so tight that you need to play that reserve fund.

I think it's fine. Like I said, you've used \$6,000 prior to actuals and we haven't touched it yet this year. You're reserving five times or six times what you're using. It's something you can come back to. It's just another \$5,000 on the levy.

That one is in your column. You just have to decide by your recommendation whether you want to stay at 30 or keep it at 35. We'd be happy to do whichever.

Laurie: No. I think if people wanted to count 6 for the two previous years, you got to have some sort of a disaster that need more than ...

Michael: At that point, it's the district mainly and 30,000, it's only for extraordinary and unforeseen. You can't just say at this side, "I'd like to do this." It's really restricted what you can use it for anyway.

Stan: The reserve, though, is cumulative year over year?

Michael: No.

Laurie: No.

Stan: No.

Michael: It evaporates at the end of the year.

Stan: Evaporates, poof?

Michael: Right. It's a budget line. You never spend from this line. You vote to move it to another line. I think I'm going to ask you, perhaps, maybe for a salary transfer for the gentleman that does this because you voted him a raise after the district meeting last year that was greater than what we had appropriated. We might need to move \$1,000 or \$500 into that budget. It doesn't accumulate. It's just you have a contingency line in your budget. If you don't use it, then you close it down to free cash.

Stan: Free cash?

Michael: Yeah.

Stan: Okay.

Laurie: We don't lose it, Stan.

Stan: That's why, poof.

Michael: It doesn't go anywhere. It's just a little ...

Stan: He said poof. I'm wondering what poof was.

Michael: It's under your jurisdiction. The only party that can touch it is you. All right. The next one again is for your ratification. Basically we flat-lined the elected officials. I have added a placeholder, a 40,000 in there to get something in there for salary

for your new officials and then added a 3% for the existing clerical worker in that office. I believe you gave Charlie a raise last year after the district meeting.

Fran: Right.

Michael: I believe you took him to 27.50 and that's what I've got in for next fiscal year. You are going to change that. I think we're going to be a little light on Charlie's side as well. Maybe you could do a transfer for him. When we get down into the expenses, I've pretty much looked at the phone. The payroll service, we just had a minor adjustment. They make the adjustments in May with our contract.

The legal services, it's at 75. You can see it was 54 2 years ago. It was 25. I stuck 6 in there as a placeholder. I think that's a fair number. It's \$500 a month for your legal needs. I have left a contract there, but it's obviously depending on what you're going to do. You're either going to put money up in the budget and take it out down here, because I wasn't sure whether you were going to ...

I'm sorry. That's your audit, the 12,950. It's the 6 that I'm talking about for the treasury services. Left something in there for handholding or conversion, but that will true up as you true up upstairs. Whether it's up there or down below, you can modify this as according. The PC review is pending on the treasury services. The PC review is pending on the legal services. The PC review is pending on treasury salary up above.

The 1,200 is pretty straight forward. You guys have a better knowledge of what the stenographer is costing. I've level-funded that for the time being, but you need to tell me if that's something you'd feel is not \$100 a month. Is that still good for you?

Fran: Yeah. Definitely.

Michael: The bank, we've got 1,700 for disclosure and 300 for the paying agent. That's pretty solid. I funded the website at the current year cost and I left that as a PC vote also. You need to finalize what you're going to do with that. You awarded her higher than we had done into the district meeting with last year. I believe the agreement is at 57 now. That's where I'm carrying for the next year.

Laurie: Hopefully that's going to be done, right?

Fran: Yes.

Michael: If you're okay with that one, that's another one that you can just ratify yourselves over the next couple of weeks.

Fran: Actually, can we go back to the stenographer services?

Michael: Mm-hmm (affirmative).

Fran: I think that could probably go down to a thousand.

Michael: Legal advertisement, I went with what you paid in '15 actual. '15, it was 1,503.05. It's 1,100 in this year. It's really Charlie's advertising. I put it at 15 because that's basically what was spent. The year before was 17. I'm going to leave it at 15 unless ...

Laurie: It gets messed up when [inaudible 00:20:59] the discussion meeting.

Michael: We had that extra meeting in January. I've left the postage alone. I've left the office supplies alone. I've left the computer and copy expense alone, the dues alone. Now, I've just modified these minutely, these insurances. Somebody got to get on top of this, these coverages. The general liability I just bumped up 3%. Vehicles, I bumped up about 2%. Workers comp, I bumped up quite a bit. There's been a lot of recovery for injured duty claims. I have a feeling that's going to adversely be impacted. I haven't talked to the agency yet. In the next couple weeks, I think that we need to firm up the insurance estimates.

Unemployment, it was pretty wild here, as you can see, for a bit of time. It cleaned itself up in '15 and we haven't had any claims now for quite a while. I have lowered that down to a thousand, figuring that as long as there's no trouble, there's no trouble. I don't think it's necessary to budget for things that aren't happening. That one is down for the time being until the next recession, I guess.

Payroll taxes, I level-funded it. I think it's a little bit heavy this year, but I think we're going to need all of that next year, especially with these raises. Employee assistance has never changed. It's been the same since before I got here. The town services is the same. They're afraid to change it. I don't know why, but that's okay for the district.

Annual report, I did the same thing. I looked at what it cost prior 2 years actual and just dropped it down to the reality of what that should be. We don't really print election ballot. You can see there's been no charges to that, so I just zeroed that out and I updated the election cost, which is close to what it was last year. It's not charged to a ballot line, so there's no sense in putting money and nobody is using it. It all goes to election cost. All the bills come in and go through the same line.

Fran: Charlie is using a different company to the print the ...

Michael: Yes.

Fran: Okay.

Michael: He's using the high school, right?

Fran: No. He's using Lujan.

Michael: It shouldn't change that much, but the combined change is we're getting out of the \$200 budget for ballots and putting it all in election cost. Bonds are built into the insurance and then there's no need for miscellaneous. That is where that budget is and we need to fine-tune that actually next meeting. The motion is framed on the next page, what the salary and wages will be, what the operation and maintenance and so forth. That's where that one is.

The next one is the fire department. We just ran through that with the chief. As things emerge, we'll update this. We don't have any articles in the finance department, if you will.

Laurie: What about the stuff coming in from there?

Michael: It's in the public buildings. The water department, they walked you through last month. This is just as they presented it. Their salaries are up 3.5%. Their expenses are down by 1.25. Total budget adjustment at 1% and they're not asking for any articles this year either. I do, like I have in the past, retool that bottom of that page on page 9. I take the total water budget that you see up above. There are capital costs, mainly debt this year. There's no articles.

Our water debt is going to exceed \$400,000 with the estimates that we have right now. That's if we get the grant. That's going to put them over \$1 million. That's just operations and capital, have not built the benefits budget, the cost of health insurance, the FICA or payroll taxes associated with that department, all of that. I've matched it up against the estimated revenues, which I'm level-funding from what we budgeted for fiscal '16. The deficiency is up from last year to about 42% as opposed to 38, 39% last year. The year before was at 49.

This has just been something I've been giving you for the last few years to keep an eye on it. If you do anything with rates, then that raises water revenue and takes pressure off levy, but I don't think you can just go "poff" one year and do that.

Laurie: No.

Michael: There's a phasing.

Laurie: The rate should be increasing.

Michael: Yes. We've had the discussion and they're amenable to it. This piece is in there for the same reason it's been there. It's just to keep an eye on how the funding sources work for that particular ...

Stan: Ask a question about that. Do we have an idea of what the water commissioners are doing as far as the rates? Are they moving forward on that? I think when I was here, what was it, February, there was some difference in philosophy of Commissioner Kailey versus my view and your view about 100% request for.

Michael: I think they're in progress. I can't guarantee that. They said they were amenable. You weren't here at the meeting when they brought the budget in and I don't recall that there was much conversation at that meeting about pursuing that. I do believe they're amenable and I think they would like to do something, but I don't think they've initiated anything at the moment.

Laurie: Yes

Michael: That takes a while and it's likely that whatever inertia it gets going, it will affect '18 more than '17, because by November, we have to ... When you set a tax rate, the state basically only allows you to use the actuals of the prior year. Whatever we put in the bank for water revenue in '16 is what they basically want to see us estimating as our revenue for '17. If they take a vote, we can make a presentation in the tax rate process to the deal on, say, they voted to raise at, say, 5% then we could make an argument to raise last year's revenue of whatever it was, 558,000 by 5% or 10%, whatever it is, some 50 odd thousand.

If we don't have action before June 30, we're not really going to be able to do anything as far as affecting the levy of fiscal '17.

Stan: Can they change the rates after the 1st of July?

Michael: Sure. Sure, but you can't then go back and change the tax rate.

Stan: Effectively, then, there will be some excess somewhere.

Michael: Yeah. If you get it so that it kicks in during '17, you'll have a surplus and you'll have actual revenues to use for '18 estimates based on the increase that you infused into this cash flow of '17.

Stan: Cool.

Michael: If it's real late in '17, you won't have anything until '19. It's the way the system works.

Stan: All right. Thank you.

Michael: This is your public buildings. We're on page 10 now. I think I've got your employee where it needs to be for fiscal '17, because I think the 35 we put in the budget, you went and gave a raise. I'm going to probably work with you to do a

reserve fund transfer to straighten that out. I think I've got him where he is, plus I built 3% in for him so you can deal with that.

Electricity, I pretty much have analyzed the bills and you can see that the electricity had been running a little over \$1,000, so I dropped it down to 12. Water, you get two minimums a year. I've looked at the year-to-date and it seems like, year-to-date, your heating oil, gas has average \$154 a month. I budgeted 175. I didn't have all the hardy months in my analysis, figuring that the last month or so has been a useful one. I think that would be adequate, unless you say otherwise.

Fran: No. I think that's good.

Michael: For building, I brought it down from the 95 based on the actuals of the prior 2 years and being sensitive to the fact that you're still trying to get things done. I've got 72, \$600 a month for you for just building maintenance. You haven't been able to get to that. It was more like 600 and 620 a month in fiscal '15. If it's all right with you, the 72 seems to be a decent number.

Fran: For maintenance, yes.

Michael: Grounds, I just level-funded it at the 14. It was in this year's budget. Has that been adequate?

Fran: Yes. Those have been done to the grounds, but I've looked into, I wanted to bring up later, a landscape project that might increase the water and the ...

Michael: Do you think you would get above the minimum? If you put an irrigation system in, you might need to bump up your water budget.

Fran: Water a little bit, yes.

Michael: Would you put it to \$300 or ...

Fran: Maybe I could talk to who would decide the installer is and then see what they think.

Michael: The water department would have a sense of how much you consume, depending on how much you're irrigating. I don't think it's that substantial.

Fran: 300 is probably going to be fine.

Laurie: This is not the water, the grounds.

Michael: Right.

Fran: No. Yes.

Michael: Done. Do you want me to put 300 in there?

Fran: Why don't you put 300 and I'll check, let you know tomorrow if that's not a good figure.

Michael: The 300 there. The 1,400 is okay for grounds. That's basically the level-funding. The 850 is okay for HVAC?

Fran: Yes.

Michael: You probably have enough in here that cover your water without adding the 300 in when you start looking at these. There are not a lot of lines, but the same with the telephone. The telephone, the other day has been 51. I budgeted it at 55 a month. Your phone bills aren't really going up substantially so that one should be okay.

Fran: The only reason we have that phone is because of the alarm system.

Michael: That's next. That's been 330 the year before, 350 is in the budget this year, and I've got 350 in for next year. Building supplies, I've level-funded at 200. We spent 38, 39 bucks last year. Then 200 for supplies, we've got 300, so I level-funded that. I left this \$100 in miscellaneous. You got 137 the year before, so I can't take that away.

I think that that budget is in pretty good shape as well. There were two articles we spoke of the last time. One is the High Street structural review. I just stuck 5 grand in there to be a placeholder. If you have any change of heart or if you have any idea of what that number should be, I'll be happy to change it.

Fran: I spoke to a structural engineer down at Cape and he said a structural review would be \$2,500. He said after the structural review, probably the next thing to do would have an architect look at it.

Michael: Space needs.

Fran: He said, "See if it's up to code." I'm going, "No. I don't know it up to anybody's code. It's not a problem." The 5,000 is probably ...

Michael: Adequate?

Fran: Adequate, yes.

Michael: There was a second article to hold for a new administrative office, so I stuck 5 in there to hold that place. Is that to your liking or do you want to change that?

Stan: I'm sorry. I was off from Neverland. Go again. Where are you?

Michael: Down in the articles on page 10, there's a 5,000 for a structural review of High Street.

Fran: 11.

Michael: There was a request to have an article to fund a new administrative office.

Fran: The trailer.

Stan: We don't know that yet, because I spoke to the building department, the person around zoning, she says we really can't do anything until we get a permit.

Michael: We can't do anything until we get money.

Michael: You got to have money to get a permit, bro, or anything else for that.

Stan: I don't have any idea, I don't have a clue as to what would be proper there, but I just know we're looking at it. With the \$2,500 for an engineering review ...

Michael: That's a separate article. We have one to either rent a trailer or build a bill or whatever it is you're going to do for an office.

Laurie: We have to tear down the garage and put the trailer right there.

Stan: There's also some concerns in the village of it being a historic property, of a historic nature kind of thing. We need to tread lightly, really make sure that we do everything right by the book.

Laurie: We understand the history of the issue.

Michael: You want 50,000 then so you can do it by the big book?

Stan: I don't have ...

Michael: I'm just looking for a number. Whatever you're going to do, you've got to put it in now so you'll have the money from July until June to do whatever it is you want to do.

Stan: Did you ever get any quotes on trailers?

Fran: Do you have any?

Laurie: No.

Fran: No. I have no idea. I can ...

Michael: You got a couple weeks.

Fran: Let's find it out.

Michael: There's a place over there. It's all free cash, so it's not going to step your levy, and it's all running through the model. If there's a 5,000 placeholder in there, if you want to change those, the last chance you get is the night you're setting the warrant up, I think. Do as you see fit. Next one is the street lights.

Stan: I've had a few notes.

Michael: That one, year-to-date, we've been running \$618 a month. I budgeted 625 a month and so I've come up with the 7,500 for the electricity. The maintenance, it's about \$100 a month, so that's 1,200 and then I budgeted to put up two lights and to get request at 700 a light. Your budget allows you to pay your electric bills, maintain the lights, and if you get inquiries, you can put up to two lights with 1,400 bucks. If you do do that, then you drop the budget 25%.

Fran: Got you.

Michael: Okay?

Fran: Yeah, sounds good.

Michael: If you want to change that, we'll change that. Next one, again, I just bumped it up 2.5%. Anything you want to do over and above or under that, it's your call.

Stan: I'd like to discuss that. Laurie, you need not to be part of this, if you will, with the library because you're an employee there, right? I just want to make sure.

Laurie: OK.

Stan: I would recommend that we up it about 500 to \$20,000 even. That's what the library request was. They're really the center of the village. They do a whole lot for this village and work really hard. They're the community center of the whole village and the extra \$525 ... Fran, I hear you. I see your arms crossed and the body language, but it's not a whole lot for what the library does. The benefit we get from them is huge.

Michael: I'm sorry. How much do you want to make, \$525,000?

Fran: He wants to make it a total of 20,000.

Stan: 20 even.

Michael: Whatever number you vote them, be in here when you vote them.

Fran: I'm the only other person. I have a problem with that. I'll go with the 2.5%. That's not a problem, but I think any more than that ... I was a director of the library, so I'm very familiar with it and I know the improvements that have been made. I think it's forcing people who don't use the library to support it in a way by using our tax dollars. I think they need to make more of an effort to get people to become members of the library, join in, give pledges. That's what I think.

Stan: They do a whole bunch of fundraising. .

Fran: I know. I know that.

Stan: They're maxing that out. The other \$500 is, what, a couple of percent, less than a couple of percent; 1% is 200, 2%, 2.5%. I think the people in the village have voted almost unanimously in favor of this particular item, Warren item on the budget in the past. I expect a \$20,000 to go well and I would politic Fran to let it go this time.

Fran: That's what we said last year.

Stan: You argue last year, but it was new on the council and the committee, so I really didn't push it. This year, I really ask you to dig deep and let it go to 20,000.

Fran: How much of an increase is that, if we go to 20,000?

Michael: Closer to 6 or 7%.

Fran: We're going to do 6 or 7% again next year. There aren't any town services in their budget that are getting a 6 or 7% increase. I don't want to be your curmudgeon, but I just think that's a lot.

Stan: If you're looking at the percentage, it's a lot. If you're looking at the total dollars, it's minuscule compared to a \$4 million budget.

Michael: 5.26.

Fran: 5.26. I'll split the difference.

Stan: I'll go with you. I'll go along you here. Put it another, what, 250?

Fran: 250, yes. What is that?

Stan: 725?

Fran: Right.

Michael: That does raise the tax rate.

Fran: Raise the tax rate.

Michael: That's right. That will raise the tax rate.

Stan: Up from 253 to 253.01 and 02?

Michael: It can use the opposite of your agreement. Now, you got to go and say to the employees, "It's okay if we give the library 6%, but not you." You can't pick and choose when you're dad. You got to treat them all the same.

Stan: I'm totally aware of it.

Laurie: I want to say something.

Stan: Be careful.

Laurie: I will.

Michael: If she was advocating for them, she'd be in trouble, but if she's advocating against it, there's no conflict to advocate against your own employer.

Laurie: I do think that we are trying to keep the tax rate increase at 2.5%.

Fran: 2.5.

Stan: Percent, yes.

Laurie: Before we find that we have a revolt of our own at Cotuit. That's my only comment on that.

Michael: We're going to change that number to 19,725, right, 19,725?

Stan: Put it down before they change their mind.

Michael: I've written it down.

Fran: He's written it down.

Michael: Next page, 13, is the debt. I'll walk you through this. The first line is the existing tank debt and it costs us 105 each year in principal. It's soon to become 100. It also will cost us this year 67,850, if we get a \$2.035 million USD loan for 30 years. That's assuming that we get about \$500,000 of grant. As an a side on that, the fed contacted the engineers last week, asked them for updates on two of their filings, which I believe they have done.

The Dun's number with the fed, in Dun and Bradstreet is still spinning around out there, but that seems to be healing itself as well. I think that connectivity of the Cotuit Fire District with the federal grant program through the Dun system will be not a problem. The engineers meeting them, request of the agency is being dealt with. It's still emerging. They're not saying no. This estimate right now is assuming that we're going to sell a bond on the first day of July. We're going to pay it down a year out and we're going to amortize a little over 2 million for 30 years. If that changes, we'll have to up our low of that.

The 58,250 is the existing interest on the existing tank bond and that comes down each year because you're paying interest only on the outstanding balance. It comes down to about 100 grand a year. That drops 8.25%. The new interest I've calculated using 4%, which is high, it's on a whole year at 2.035 million. That's on a high end. In fact, it's unusual to have the interest to be more than the principal, but that's just good budgeting as far as making sure that we have adequate protection now.

As we recall, we just paid down notes and we're going to pay down a similar amount next year, so we're budgeting another 157 on the two water notes and the High Street note. We just sold a note that we're going to pay next year. The 3,500 is to pay the interest on the notes that we closed on this week. I've got 50 bucks in there for the temporary interest for abatements and arguments like that.

It's a pretty solid budget, I think. I don't think we'll end up spending all that much on it, but it's as good as it gets right now. If anything changes before the warrant, we'll fix it. If anything changes between the warrant and the meeting, we'll fix it through the motion, but I think you've got a good budget there.

I've broken it down for you to show you the cost of debt service as it relates to your general government sector, your public safety sector, and your public works sector. That's where that number that was in the water department came. The water works is over \$400,000 this year, with the estimate, and that's with getting half a million dollar free money from the federal government. Otherwise, we'd be paying debt on that as well. Hopefully we'll get something in that range. It'd be terrific if we do.

That's our debt budget as it sits right now and we'll update you if that goes along. The next one, you have a smaller set of spreadsheets. This is the [Bennies 00:47:09] and the budget here that we have on page 14 is the benefits budget, basically, if you will. The smallest spreadsheet rolls up the expenses by the type of benefit by department and then it trues itself up across the whole district at the backend.

As different years come and go, different employees come and go, some people take certain benefits, some don't, you have transients. You can see there are some people that don't take any benefits. There are some people who take

partial benefits. There are some people that take the best benefit package they can get. Bottom line is, the budget as we're proposing here, it has about \$11,000 in it. If there's an abrupt retirement, we maintain a health relationship with that retiree and we bring on a new employee.

I usually budget, a high high-end employee, if you look, will cost us up pretty close to 20 grand. Basically, the way I'm looking at it is you got about half a year of benefits in excess in the budget to handle whatever may come if at all. These are tied back to what you see on the spreadsheet.

The rates have all been set except for the cost of Med X supplement changes in January when the fed changes to Medicare rates and so forth. We have a modest exposure in this budget that we've budgeted, I can't recall, if it's 10 or 12%. It was based on what the insurance folks told us to carry for that. It's only half a year, six months of retiree costs are estimated. Everything else is locked in.

On the last page, we take from the free cash and put into stabilization. With that truck, the stabilization fund dropped down to about \$65,000 come July 1. We'll put a little bit back in. If you noticed on the last article, I've suggested maybe bumping that up to 50. I suspect that in most cases, the next big truck is a ladder and ladder trucks can be up to 700, 800, even a million dollars.

The one you got, you got a good deal on. I think the chief is encouraging them to give me a number that I can put back in. I'm proposing maybe doubling it up for a while and it comes from free cash, so you're basically putting surplus away for rainy day. You may want to consider that as well.

The article before, let's flip the page back, that benefits article, I have rebalanced the OPEB as well. I'm proposing you use free cash again. It's nonrecurring. In some ways, it really is, but you can see that the contribution in '14, we put 105 in. In '15, we put 140 in and we took out 68,152. We put 160 in and we took out just under 80. I've been trying to match your annual contribution into the fund at double the outflow.

Fran: Outflow.

Michael: We need to pull 954 out with quite a few retirements in the '15, '16 that has driven your OPEB cost as it's gone from 776 last year to 954 this year. It's not so much because of the rates. It's mainly because you picked up several family retirees that are not on Medicare. It's high-priced stuff and it basically added \$20,000 to your OPEB cost. The 191 that's up above to go in is going to be lowered by the 95 leaving ...

Fran: A hundred.

Michael: Not even quite a hundred.

Fran: Not yet.

Michael: I'm trying to keep you at a double. That article is funded three ways. It's funded from the free cash to put into the OPEB trust. We're taking out of the OPEB trust to pay the cost of the retiree's medical and we're using the general fund to pay the active's medical.

Stan: Just a question. As part of the order, they recently changed the accounting rules where we're behind.

Michael: They've made us hang our liability on our balance sheet which we didn't use to have to do. We're stating what we've never stated as far as the unfunded liability goes.

Stan: Is there any place on this financial ...

Michael: No. This is a budget document. It's got nothing to do with the liabilities.

Stan: We need ...

Michael: If you go to the footnotes in the audit, you'll get what you want. I don't have it in my head. I developed the cost, but I don't know what it is. You're not gaining. You're losing. You're not funding at the levels that the actuary is recommending for the OPEB liability. Is that what you want to try to get to?

Stan: Where are we funding that? You say we're not ...

Michael: Yeah. You're underfunding. You don't even meet your normal cost. You're not paying down anything. All right? You're not putting enough in with the 191 to even meet what we call the normal cost, which is what you should be putting away this year for all the employees, because in theory, the retiree should have already been put away.

Stan: Where I'm trying to go, right.

Michael: You have an unfunded liability, plus you have a normal cost. What 191 is, it is not the normal cost, never even mind to pay down on the unfunded liability.

Stan: What you're telling me is we're not paying it down.

Michael: You're not funding at the level that the actuary would want to see it at. That's correct. The reason why is, first of all, you're not compelled to do it, number one. Number two, you are compelled to pay down the retirement liability. That will be paid down in about 12 years. When that's paid off, you should reallocate that unfunded liability pay-down into the OPEB and not give yourself a party.

Fran: We better write that down because I don't think any of this will be here in 12 ...

Stan: In other words, page 14, this is the page where we would see it if we were paying it down to ...

Michael: No.

Stan: No?

Michael: This is just the budget document that's showing you ins and outs of the fund this year. It's not showing you the liability or what the funding schedule looks like. You want on a budget page with a 42-page statement. All right?

Stan: Yeah.

Michael: It's not going to happen. There is an unfunded liability and there is a continually increasing unfunded liability because you have a normal cost. Every one of those employees on that schedule, not only should you be paying their cost of benefits this year ...

Stan: Yeah, but their cost of retirement.

Michael: Right, which is the normal cost.

Stan: The actuarial request.

Michael: Right?

Stan: Okay.

Michael: And you should be paying what you didn't pay for the past whenever you incorporated health benefits into the system, the normal cost. If you'd pay the normal cost every year, you wouldn't have an unfunded liability. The 191 isn't even the normal cost and it's certainly not the unfunded liability. If I remember, the unfunded liability alone is about 300 grand a year.

Stan: That's a lot.

Michael: Plus the normal cost, so you probably should be putting in 4 or 5, 191. You're losing 2 or 3 a year into infinity at the rate you're going right now. My goal has been to try to keep you putting in 2 years while you're taking out 1. In effect, you're up a year. That's the best formula for now. When you finish funding your unfunded pension liability, redirect those proceeds into the OPEB. You're paying down that unfunded liability probably to the tune of a couple hundred, at least 50,000, 75,000, because I think your retirement assessment is on that.

It's going up pretty steady. They're now funding you actuarially. The bills that are coming to the member units, your assessment for retirement is up 9.94%.

Stan: What page are you on?

Michael: Same page, 14, the benefits budget.

Stan: I see what you're talking about.

Michael: The retirement assessment was 219 in '14, 238, dropped to 221, and now, is it 243?

Stan: Yes.

Michael: That has a pay down of an unfunded liability plus the normal cost built into it.

Stan: You just answered my questions. If we were going to do that ...

Michael: This has got to do with your pension.

Stan: Which you often see

Michael: It's got nothing to do with OPEB, right?

Stan: Right. I understand.

Michael: Right below is the OPEB, 191. That's what you're going to put into the trust fund. At the same meeting, you're going to take out down below 95,416. You see it?

Stan: Yes, I see it.

Michael: There's proceeds in there. By the way, it's up over what I invested to that, just in case you wanted to ask.

Stan: No.

Michael: We went in at 1,605. The market is at 1,705, so we're up 1,000 points on a 1,605 basis. Feel good about that.

Stan: Feel good about it.

Michael: I've got 100,000 plus that I didn't get that kind of return, but it's safe too. Now, we're going to have 191 more to put in, but we're going to take out 95. You're going to net up less than 100 grand going into the fund. It should be getting 300 or 400 each year. You're underfunding by about 75%. I'm not going to write on that page, because it's meaningless to everybody in the district except perhaps you. We don't want to complicate the poor citizens with too much information on a simple little budget sheet.

The only other thing you have to decide by your next meeting is that \$50,000 for the stabilization fund. I think there's 65 in there. I'm hoping it gives me back at least 50. I think you should be giving me back closer to 75. Whatever he comes back led to our 65 plus if you put a 50, we may get it back up to 150 or 170.

Fran: I've got a problem doing that because we're going to need a new truck.

Michael: As I've said, we've got about 600 of free cash and we're looking to trading it down about 300. We're going to leave 300 in and we'll close out positive fund balance both sides, revenue and expenditure. Again, this year, it will come back up again. You're in really good shape, stable and in control, whereas it was a nightmare not all that long ago.

Fran: I know.

Michael: I think your budgets are in pretty good shape. Like I said, as little information becomes available, we'll tweak this. We'll have a new one of these tonight. Anything that comes in will just flow into and I'll bring you a new set of documents. That night, it would be up where they are. I'll work with the chief to try to get some. I think we need to add an article for the time being to fund the fire budget to be safe.

If we can do it within the existing budget, we'll do it, if we need a little bit of a push to get it. I think he's drained his surplus. If you look at ...

Laurie: No. Everything is ...

Fran: The dollars he's having out.

Michael: Because he had four people out at the same time. One is back. If you look at his budget last year, he actually spent 1.405 million on payroll. He only has a 1.443 million this year. He's going to feel some pressure. That tells me that there's about 40 this year above what he spent last year, but we got to get 80. I think we're going to need to supplement it.

We'll supplement it presumably from free cash because we can't tax and we only set the tax rate for 17, so we'll need to have an available. We'll probably just use free cash to fund whatever we need to fund in this year to get out the back door, and then we'll levy the cost next year and it will be built in to your tax base. I'm likely going to add about 120 to that levy figure right now, take a few away, add 525. When we're done I'll know what that is. I'll send you a new revised version of this if you want.

That I think is the budget, unless you have any other questions. That's where it sits right now.

Fran: Freedom Hall Landscape, it's one word that currently describe it, which is a disgrace. This is what it look like in approximately 1938, '39. I called five landscapers, I met with three. What I've asked them to do was obviously rehabilitate the front, just get rid of all these plantings on the side of the building, just eradicate them all and put grass there. The cedars at the end, the hemlocks are just dull dead from the adegla, and put some extremely slow growing plants along the front of the building, and just a couple of some things next to the monument and call it a day.

I have three quotes. One is from Mr. Demelo, which is the lowest. That's \$3,450. The next is from Gardens by Rebecca, which is \$7,880.75. The third is from Tim Actin, which is \$10,885. Now, after meeting with Mr. Actin, actually, he's the landscaper I use, after meeting with all of these, I think the person that would do the best job for us is going to be Gardens by Rebecca. I realize it's not the lowest bid, but I was much more impressed with her professionalism and her knowledge than I was with ...

Laurie: She got you while you were talking about that.

Fran: Than Mr. DeMelo. I also have met with irrigation folks. I only met with two. The first was coastal irrigation that's owned by a gentleman at Cotuit. His bid was \$5,600. With Bartlett, their bid was \$2,875.

Laurie: What was their bid?

Fran: \$2,875. My recommendation is to go with obviously Bartlett, which will install the sprinkler system. The only electrical connection that will need to be made is one wire that will have to go over to the box for the electricity. I believe an outlet is going to needed to be added to the water and they'll need a water supply that needs to go out the building. That will probably be \$500.

I actually found that we have an outside spigot over here. I didn't know we have one. I don't know if it works, but we've got one.

Laurie: I hope it's been drained down and left that way.

Fran: I don't know. My recommendation is to go with Rebecca. Her recommendation is for the six green velvet box woods across the front, which are very slow-growing, and then they just naturally shape themselves into around habit. That's it. Junipers to go on either side of the monument and some five happy return day lilies to go in front of the monument. Probably use Pearl's premium grass seed, which is a grass seed that was developed by a man in Brookline who got really tired of constantly reseeding his lawn. It's slow-growing, very slow-growing, so it needs less mowing, and it's resistant to pretty much everything.

The other thing included in all these bids are some stepping stones to go on that path, the shortcut.

Laurie: The path that isn't a path.

Fran: The path that isn't a path. There's no point putting grass there because ...

Laurie: Everybody is going to walk on it.

Fran: Everybody is going to walk on it. What are your thoughts?

Laurie: It sounds good and Rebecca can do that, all that for this price.

Stan: The difference between the lowest landscaping is, how much, 56, is it or ...

Fran: No. That's coastal.

Stan: DeMelo was it?

Fran: Yes. He hasn't got a price in here for the pathway. He was 3,450.

Stan: This includes the pathway?

Fran: This one up here includes the pathway. This doesn't.

Stan: He's, what, \$5,000 different, his own numbers? .

Fran: A little less, yes.

Stan: Something for the pathway, maybe it's \$4,000 difference. Do you think that is worth it?

Fran: Yes, I do. I think it's worth it. Obviously, I recommend going with ...

Laurie: She's giving a complete plan whereas he just say he didn't even include everything we want.

Fran: Obviously I would recommend going with Bartlett for the irrigation.

Stan: Irrigation.

Fran: My only question is about where to take this money from.

Laurie: That's what I was going to ask.

Fran: Before we vote on it.

It's \$7,888.75 for the landscaping and currently, repairs and maintenance to buildings, we have \$8,494.24.

Laurie: What was the plus 400 for that I wrote down?

Stan: Plumbing, electricity.

Fran: Plumbing and electrical.

Laurie: No. Closer to where it's 11 something.

Fran: Yes.

Laurie: 11,305 is what I got.

Michael: I don't care about the breakdown. I just want to know how much.

Laurie: 11.

Michael: 11,000?

Laurie: 11,305 on all this.

Michael: 11,300.

Fran: The other thing is, after a capital item 5901, which was her Freedom Hall paint and repairs, after we take the repairs out of that budget for the doors, we'll have 6,200, no?

Laurie: Can we vote to transfer the district meeting? No?

Michael: The district meeting, if they say no, then no.

Laurie: True.

Michael: We've got a budget that has 16,000 . You're proposing this 11,300, which leaves you with \$5,000 . The salary wage only has 232 .

Fran: Okay.

Michael: . Basically, you just got to get off the backend this year with \$5,000 between now and then.

Fran: Okay.

Michael: I think you'll get the grounds budget line with all this work. It's going to go against the \$1,400 line, but the 95 where it has \$1,000 for the building and stuff,

it really doesn't matter. You don't dummy up building and call landscaping and call at everything. You just let it go. ]

Fran: Great.

Michael: Once you execute that contract and get it done, you pay your bills over the next month. You know we need to supplement this. I think you're fine. If they give you money to fix the building, you can't be fixing in the grounds. If you dealt with it, just turn it back with the free cash. I think for the time being.

Fran: I'd like to make a motion to accept bid from Gardens by Rebecca for the landscaping of 976 Main Street, Freedom Hall for \$7,880.75 and to accept the bid from Bartlett, three experts, their water works division for irrigation for the one at \$2,875. Is there a second?

Laurie: Second.

Stan: Second.

Fran: All this in favor?

Stan: Aye.

Laurie: Aye.

Fran: Aye. Thank you. Now, the Civic Association. I went to the Civic Association Board meeting and we got ...

Michael: The other two we've done?

Fran: High Street?

Michael: We covered those.

Fran: We covered those and we covered the trailer. I went to the executive board meeting and they're going to do the candidates night and the budget night all in one night. It will be May 17th. The other thing that they asked was they want to know, currently, all their Christmas tree lights, posters, signs, all that is stored in the guy's basement and he'd like to know if he could store it in one bay of our garage.

Laurie: In the garage?

Fran: Yes.

Laurie: Sure.

Fran: I asked him. Great, did he want the stand for Santa Claus that's down in our basement. He's been looking for it for 10 years.

Laurie: Oh my goodness.

Fran: They're going to take that out of the basement and put it in the garage. I figured they ...

Laurie: Just got to ask the right people.

Fran: That's right. The last item on the agenda is the minutes.

Laurie: Looks fine to me.

Stan: I read them. Since I wasn't at the meeting, I don't know the exact details. I didn't see anything obvious.

Fran: Could I have a motion to ...

Laurie: I move to accept the minutes of the last meeting is written.

Stan: Second.

Fran: All those in favor?

Stan: Aye.

Laurie: Aye.

Fran: Aye. Just one more thing. Just to update you on the progress of the website. The county has been looking at it. They've been talking to, what's her name, Patricia.

Laurie: Patricia.

Fran: He said that he thinks it can be streamlined and probably if we left it exactly the way it is right now, the cost of them having do it would probably be not much cheaper than what we have right now. If we would be open to streamlining some tasks pertaining to content management on the site, they'd be doing it for less of an hourly rate. I still haven't got a rate, but ...

Stan: Cool.

Laurie: For the 10 people in the village that we'll get it.

Fran: I'll take a motion to adjourn.

Stan: So move.

Laurie: I move to adjourn.

Fran: So moved?

Stan: So move, second.

Fran: All in favor?