

REGULAR SESSION

APRIL 14, 2010

At a REGULAR SESSION of the Town Council of the Town of South Kingstown, County of Washington, in the State of Rhode Island, convened at the Town Hall, in and for said Town on the 14th day of April 2010 at 7:00 PM.

PRESENT: **TOWN COUNCIL**

Kathleen A. Fogarty, President
Carol Hagan McEntee
James W. O'Neill
Ella M. Whaley

The following members of the School Committee are present: Dr. Anthony Mega, Chairman, Kevin Jackson, Vice Chairman, Richard Angeli, Maureen E. Cotter, Elizabeth Morris, and Stephen Scott Mueller.

Also present: Stephen A. Alfred, Town Manager, Alan Lord, Finance Director, Dr. Kristen Stringfellow, Superintendent and John Ritchotte, Business Manager, School Department.

Notice having been duly given a Public Hearing with School Committee participation, is held relative to the Town Council's Preliminary Budget for FY2010-2011 as adopted on March 22, 2010. This Public Hearing addresses both the General Fund and the School Fund.

The budget process is guided by the Town Charter amendments as approved by the electorate on November 7, 2006. The Town Manager discusses the Town Charter provisions as they relate to the adoption of the budget that the Town Council and School Committee have participated in to date, and the provisions to follow the public hearings to be held this evening and tomorrow evening.

The Town Manager discusses the actions the General Assembly has taken on the Supplemental Budget. The 2010 Supplemental Budget does not address the Motor Vehicle Tax issue. The Governor's original proposal specifically deleted the Motor Vehicle Tax Program for future consideration and it would not be part of the FY 2010-2011 budget. The 2010 Supplemental Budget adopted by the House last night left the Motor Vehicle Tax Program in place but added a phrase that said the cities and towns would receive 88% of the total value of the program in the 2010 year. So at this point the \$6,000 exemption still exists for next year yet there is no budget appropriation. What this means is we have absolutely no idea whether we will have to exempt the \$6,000 without the receipt of State revenue or whether there would be some limited State revenue that would be available. Obviously it makes a difference on how the final tax rate will be set based upon that issue.

Second, the pension reform that was approved last night suggests that the pension would allow for a COLA on the first \$35,000. The Governor's proposal would have taken the COLA away in its entirety. If the change is made in the 2010 year the South Kingstown School Department would reduce its expenditure for retirement cost by 2%

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or \$564,000. The objective is to reduce the state aid to education in the FY 2010 close to that dollar amount. The General Assembly in providing the COLA restriction by limiting it to the first \$35,000 was not going to garner the 2% in reduced costs. However, the House Finance Committee forecast that the COLA savings were going to be equal to \$529,000 or approximately \$40,000 less than what the Governor's budget provided. The method the General Assembly used to get to that number was by re-amortizing the existing state retirement system's debt for an additional period of time. The re-amortization would add about \$2.2 billion in additional costs over the life of the twenty-five year reauthorization. The Senate favors using rainy day funds opposed to re-amortization and may refuse to adopt the supplemental budget as presented by the House.

Also, there is no indication in the supplemental budget where the state aid base will be for the FY 2010-2011 budget. The reason base funding estimates can't be provided is that the state is using the combination of state aid and ARRA funds the federal stimulus dollars. The range that has been seen on three different estimates is between a low of \$370,000 up to \$760,000 in ARRA funds. The concern is that the more back loading of ARRA funds to reduce the state aid to education in the current year, the less ARRA funds will be available in the FY 2010-2011.

When you look at the Governor's supplemental budget and FY 2011 budget there is \$960,000 allegedly targeted toward South Kingstown in ARRA funding. If you take \$750,000 of that in the FY 2010 you only have \$210,000 left for FY 2011. We were hopeful that by this time we would have better indications or at least foundation information to be able to provide better forecasting as far as the state aid component of the municipal and school budgets: we do not.

Another item that came forward with the supplemental budget is a 90 day extension on budget processes as an enabling act for cities and towns. There is a total failure to understand what the implications of the 90 day extension would be on a budget process. If you look at it on a hypothetical, the May 3, 2010 budget adoption date would become August 3rd. The August 3rd adoption date would then have a four week period to determine whether a referendum would be necessary which would occur after the start of the school year. It makes little sense for anyone to assume that we can delay the inevitable and not adopt a budget. In addition to it interfering with the need for the School Department to make decisions on what its program will look like in the FY 2010-2011, it also means we would not be on schedule as far as sending tax bills. If you were going to send tax bills in a September period you would have two payments due in November. You would also have the first five months of the fiscal year without any income.

Also, the maintenance of effort function on school transfer of property taxes was reduced from 100% to 95%. There is also no direction as to where the General Assembly is going with the education aid formula.

Even with all of the uncertainties at this point, the Town Manager is still forecasting that the School Fund for FY 2009-2010 will finish at approximately a \$350,000 to \$450,000

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surplus. As far as the FY 2010-2011 it is very difficult to estimate what the state aid will be. Until we know the state aid and ARRA funding we won't know what the base will start with for the FY 2010-2011.

The proposed tax rate for the FY 2011 is \$14.10 or a 1.54% increase: of that amount \$3.14 is attributed to the Town operations and \$10.96 is attributed to School operations. In addition to that, individuals will pick up approximately \$112 per motor vehicle.

The Town operates under eight funds including: the General Fund, School Fund, Water Fund, Wastewater Fund, Solid Waste Fund, Peace Dale Office Building, Neighborhood Guild and Senior Services Program. For budgetary purposes the only two that are influenced by property taxes are the General Fund and the School Fund. The overall budget program net of the inter-fund transfers for FY 2010-2011 is proposed at \$89,665,282. It is \$1.6 million below the adopted budget for FY 2009-2010 or 1.76% below.

The following members of the public are present and comment:

Jonathan Daly-LaBelle – School Reconfiguration;
Dr. Douglas Wardwell – Pledge of Allegiance – Salaries and Benefits of Teachers;
Bob Trager – Pay freeze non-union school employees – Consolidation;
Laura LeClair – Handshake agreement;
Patrice Newman – Wakefield Community – School contributes to mixture;
Keith Vorhaben - Broad Rock Middle School – Planning Board – Building Permit Cap – Distribute burden on everyone;
Gerard McEntee – Assessment on home going down \$100,000 – Teacher pay freeze – Co-pay health insurance;
Michael Mainelli – Quantitative Analysis;
Teresa Tanzi – General Assembly – Fair Tax Policies – Flat Tax;
Susan Kimmerlein – Teacher Contract – Negotiating Team – Town Council Support;
Bob Trager – Declining Enrollments – No Jobs – Taxes – Pension Reform;
Jennifer Dwyer - No cuts to program; cuts need to come from the employees;
Jonathan Daly-LaBelle – Public is curious to know what you are thinking.

The Pledge of Allegiance is given.

Adjourn at 9:17 PM.

ADJOURNED,
Dale S. Holberton, CMC
Town Clerk