

**Cotuit Fire District
Prudential Committee
Minutes
27 March 2018**

Called to order

Present: Ray Pirrone, Lisa Mycock-Kelly, Fran Parks, Stan Goldstein, Charlie Eager

Pledge of Allegiance

Treasurer: Bond finance-

In accordance with the FY18 budget we have set aside money to pay down the existing \$346,000 short term note issued last year. With Committees approval will retire the 346 and issue a new note for 179 which is reflected in the proposed budget. Motion made to retire the \$346,000 short term note and authorize the Treasurer to issue another note for \$179,000, seconded, all in favor.

Assistant Treasurer Position-

Ray proposed hiring Melissa Abrams as the Assistant Treasurer. Motion made, seconded, Stan asked if will be enough overlap with current Assistant Toni Sheehan and when Melissa Abrams would start-yes will be enough time to train and her start date depends on the final offer. Motion remains on floor, all in favor.

FY19 Budget Presentations/Review

Prudential Department-

Reviewed page 3 and the functional areas then return to the summary. Ray reminded everyone this is a draft budget as marked. Discussed the reserve fund, which is set aside each year to enable the Prudential Committee to address unexpected needs that may occur, when not used it is returned to free cash. Next reviewed the Finance Department which includes added hours for Assistant Treasurer, added growing costs, and insurance increase. Operating Expenses have an increase in the audit fee, increase in bond fees, IT costs have increased slightly, Insurance costs and workman's comp anticipating 6% increase. Overall the department is going up 3.55%.

Fire Department-

is a level funded budget, unfortunately there was a clerical error in the FY18 which understated salaries – if take that into account, what shows as a 12% increase is really only a 3.1 % increase in the staff salary line. Operational side has some increases, limited to inflation and technologies changes. Legal have to contend to work with AG and IG offices, Training is a consolidation of items, but not an increase, IT has an increase because of a step up in capability. The capital needs are the big step up in the Fire department for the roof \$55,000, parking lot-have run into a code issue with the handicap parking lot and the ramp which has driven the cost up. Scott air tanks have two options \$60,000 to replace half which would be could for 15 years or could replace for \$22,000 only good for 3 years; plus, for the safety of the fire fighters to be able to work with other departments and safer site management on an incident. All packs have to be replaced, so this will be a two-year process as asking for \$120,000 this year seemed unreasonable. Pick-up truck-replace with old pick up and Explorer. May get rid of brush breaker and share with other stations. Hoping to sell old pick up, Explorer and boat to put money back into the general fund. David Mugar would like to donate money for electronics for the new boat. Chief Rhude will speak to him tomorrow.

Water Department-

Don Campbell, Chairperson of the Water Department Commissioners discussed the wage adjustment proposal and past rationale, presentation, and options. With the increase in salaries all at once, the increase for operational budget including salaries would be 3.74%, is keenly aware of the money asking the District to pay, but the Department has made

great strides in saving the District money with a \$500,000 grant last year, and this year taking advantage of the Cape and Vineyard Cooperative and received \$12,800 in savings from electrical use. The cell tower will be significantly lower income next fiscal year. The Superintendent was very clear about the losses of past employees and the cost to train/certify new employees and feels if pay employees more they would want to stay and would cut our renewing cost. Would like to be in the middle range of other departments.

Ray tried to put together an operating statement for the water department and pick up the operations cost. The allocation based on historical numbers of the past, the administrative allocation of 40% payroll favors the fire department-debt activities favor the water department, insurance cost, and the debt cost of the water department. Offsetting that by the estimated revenue is the deficit that is funded by the tax payers. Rays question is that it appears 70% of our water delivery system is for fire suppression -can't believe that is right and know the cost of service study will address these question, and will give guidance on rate increases, but this says to him that if behind on wages, then way behind on water rates. Don agrees, it is one of the things department is in process of looking into. Was looking into a water rate increase for this year, but then the article passed last year to complete the cost of service study that we are in the process of doing as was put on hold to get all information increase. Want rate increase to include operational, insurance, and retirement with the exception of capital expenses. Public buildings increase less than \$500 in total. Streetlights are level funded, operating costs are well within budget. Library-when prepared Ray didn't have information from them so he put in a 2.5% placeholder, he now has their letter in hand reflecting a 4% increase. Fran would like to keep it at the 2.5%, Stan disagrees and would like to support them at the 4% which is only a \$300 dollar increase as the library is the heart of the community. Fran would like to see documentation what the money would be used for, and they didn't give documentation last year either, would like to see the real budget of the library. Lisa asked what the increase was for last year, Fran not sure and would have to check past minutes. Stan would like to put forth a motion, but Ray suggested to wait for the overall budget and the impact. Lisa said there were other things to vote on, and Fran feels should wait, Stan put the motion out again, Lisa asked to clarify if there were other line items looking for support from Prudential including the library and will be reviewed again at next meeting-Fran confirmed it would be reviewed again at next budget meeting.

Debt service-

this is the amortization we have for existing debt. Does not include debt occurred this year that would be encountered in Fiscal 20. This is the amortization of the current debt -The water tank bond 1.5 million has an amortization schedule of \$100,00, the USDA loan for the tank, etc. has a \$52,000 amortization, the interest on current water tank \$48,000, USDA loan is \$43,000. Have also included the amortization/payment of \$179,000 for the new loan entered into this year and anticipate carry cost of \$3,400 and always make an abatement provision of \$50 as a place holder.

Employee Benefits-

The details were not available when Ray put this together. Just got the rates, decided not to prepare and it will be based on choices people make during open enrollment. Voted at the Cape Cod Municipal Health Group to increase overall rates 6% for health, life and dental.

Transfer to OPED trust.

Anticipate a \$148,000 transfer from the trust to the general fund to pay for current retiree cost. Normally in past we have matched that and make that the contribution to the OPED trust approx.\$300,000 same as last year. Ray increased that amount because this year we have in hand the actuary study of the liability from OPED 2.9 million dollars as it stands today for Cotuit's liability for existing post-retirement benefits. We have set aside \$351,000 towards that liability, so in essence have an unfunded liability of \$2,562,000 that liability is anticipated to grow 6.36% over the next years. In order to amortize that have increased the contribution that the general fund would make from the normal \$150,000 to \$225,000 to accommodate amortizing that future liability.

Stabilization Fund-

budget \$25,000 towards this; is our rainy-day fund. It is down about \$60,000 after we used it for the purchase of fire engine two years ago and now is time to build it back up.

Ray returned to page one to review and how will pay for all this. Page one summarizes the reserve fund, operating budget for finance department, there is an old bill of \$560 from encumbrances 2016 that got missed will make a provision for a special article to pay for it (is a Siemen's bill). Fire Department operating budget is 1.9 million shows at 4.67%, is actually 1% but due to error from last year it reflects higher. Articles for capital needs for that dept showing as debt or free cash. Water department has presented a 3.4% \$644,000 budget have need for a truck and a water system security. Ray with permission will suggest those needs as debt and suggesting will be raised and appropriate. Public buildings suggesting to all make raise and appropriate, library services as free cash, principal and interest should be raised and appropriate and the OPED suggesting a mix of using some free cash to soften the increase. When adding all up we are proposing 8.1% increase in the tax rates for next year that would be a tax rate of 2.45 per 1,000 up from 2.27.

Prudential budget-

Floors: Fran received one bid that was \$25-27,00 not including removing old floor, Ceiling: in the basement needs to be replaced last estimate from several years ago was \$10,000, Ray suggested using free cash for the ceiling. Stan suggested making the floor an article and let tax payers decide.

Space Needs Study-

Lisa asked if advertise in central register and locally having a hard time how often has to be published. Fran asked for public comment-Silvio comment 2 weeks central register, in local newspaper and bulletin board within the district. Suggests asking AG about which paper to put into in reference to weekly and bi-weekly publications. Lisa will look into the publication requirements. Silvio corrected, for design projects not needed on the bulletin board.

Lapoint, 980 Main St. Project-

Fran spoke with the contractor, and the Lapoint's would like to do something to thank us for using parking lot. Fran found an old pic with posts, would like to replace the posts.

Minutes-

March 8, 2018 minutes have been reviewed, motion made to approve, seconded, all in favor.
March 16, 2018 minutes have been reviewed, motion made to approve, seconded, all in favor
February 27, 2018 minutes will be reviewed

Adjourn: Motion to adjourn, seconded and unanimously approved