

SPECIAL TOWN BOARD MEETING

2020 TENTATIVE BUDGET WORKSHOP

The Special Meeting of the Town Board of the Town of Cortlandville was held at the Raymond G. Thorpe Municipal Building, 3577 Terrace Road, Cortland, New York, with Supervisor Tupper presiding.

Members present:

Supervisor, Richard C. Tupper
Councilman, Theodore V. Testa
Councilman, C. Randolph Ross
Councilman, Douglas E. Withey
Town Clerk, Kristin E. Rocco-Petrella

Absent:

Councilman, John C. Proud

Others present were: Town Bookkeeper, Marcia Hicks; Assistant Town Bookkeeper, Megan Johnson; Town Residents: Pamela Jenkins, Robert Martin, and Kenneth Blanton.

Supervisor Tupper called the Special Meeting to order for the purpose of discussing the 2020 Tentative Budget. The special meeting notice was posted to the Town’s website, the Town’s sign board, and published in the *Cortland Standard*.

Supervisor Tupper apprised the Board that the 2020 Tentative Budget tax rate was \$4.23/1,000 of assessed property value. After the first budget workshop, Supervisor Tupper, Bookkeeper Hicks and Assistant Bookkeeper Johnson went back to work on the budget and made changes that reduced the tax rate to \$3.70, then to \$3.48, and finally ended up with a projected tax rate of \$3.41 townwide, which was an increase of \$0.01 from the 2019 Budget. Supervisor Tupper explained that the tentative budget started out very conservative in that he did not want to do anything damaging to the unexpended fund balance. The projected town tax rate for Village residents decreased significantly from the projected \$2.60 to \$0.96. The 2019 tax rate was \$2.03 for the Village of McGraw and Village of Homer. Supervisor Tupper commented that the Village tax rate can fluctuate and explained that it excludes the highway department and recreation. However, the budget line for the Gutchess Lumber Sports Complex was moved from the B fund - outside village, to the A fund – townwide for the 2020 budget.

(*Note: At the conclusion of the budget workshop, the projected tax rates were analyzed again by Assessor Briggs. The projected Village rate that was previously reported was not correct. The projected Village tax rate for 2020 was \$2.45, an increase of \$0.42 from the 2019 Village tax rate.)

Supervisor Tupper handed out a list of the changes that were made from the Tentative Budget after the Board’s first budget workshop. He reviewed the changes, which were as follows:

<u>CHANGES IN UNEXPENDED BALANCE – GFA</u>				
Unexpended Fund Balance	500,000.00	Increase	\$ 85,000.00	\$ 585,000.00
<u>CHANGES IN REVENUES - GFA</u>				
A1001 Real Property Tax	1,525,261.00	Decrease	\$ 85,000.00	\$1,440,261.00
<u>CHANGES IN UNEXPENDED FUND BALANCE – GFB</u>				
Unexpended Fund Balance	100,000.00	Increase	\$100,000.00	\$ 200,000.00
<u>CHANGES IN REVENUES - GFB</u>				
B1001 Real Property Tax	179,544.00	Decrease	\$100,000.00	\$ 79,544.00
<u>CHANGES IN UNEXPENDED BALANCE - DB</u>				
Unexpended Fund Balance	800,000.00	Increase	\$200,000.00	\$1,000,000.00
<u>CHANGES IN REVENUES –DB</u>				
DB1001 Real Property Tax	735,577.00	Decrease	\$280,000.00	\$ 455,577.00
DB1120 Non-Property Tax Disbursement	1,970,000.00	Increase	\$ 80,000.00	\$2,050,000.00

Supervisor Tupper explained that he analyzed the Town's share of sales tax received, which has not been below \$2.3 million since 2010. He was comfortable increasing the projected revenue. Supervisor Tupper indicated that the proposed budget was reasonable and that some budget lines increased, such as a \$50,000 budget line to cover the salaries of two new positions for finance as well as an increase in the Town's workers' compensation plan.

There was discussion regarding the Town's workers' compensation plan for 2020, which has been a topic of discussion throughout the year. Supervisor Tupper explained that according to the estimates for County's new proposed contract with PERMA, the Town's plan would increase substantially and could change depending on whether municipalities opted in or out of the plan. He explained that the initial projected cost to the Town was approximately \$82,000, however the new plan could increase 10% to \$134,000. The new formula would be based on employee salaries rather than on the current formula of gross assessment. The costs to the City of Cortland and the Town of Cortlandville would increase based on the new formula. While it was not known as to what municipalities would join the new plan, Supervisor Tupper was concerned that the increase would be substantial and was concerned about the proposed new contract. Councilman Withey explained that the municipalities opting in or out of the new plan were not known at this time, and that the contract with PERMA was not in place. As a result the County suggested that municipalities budget for the higher number. Supervisor Tupper urged Councilman Withey to fight for the Town of Cortlandville during the workers' compensation meetings. Councilman Ross stated that he assumed the workers' compensation committee was thinking about long-term stability and accountability.

Supervisor Tupper stated that according to the proposed schedule from the County, the new plan would help the County as well as the two municipalities that had deaths. Councilman Withey explained that the cost to the fire departments, which were in a high-risk category, would potentially increase. He commented that the County's fund balance was an issue. Supervisor Tupper explained that the Town has been fortunate not to have many claims and has a "tail" of approximately \$58,000. In comparison, the City has a tail of approximately \$1.6 million. Supervisor Tupper suggested that the Town could pay its "tail" and look for its own workers' compensation plan.

Supervisor Tupper explained how he determined the projected unexpended fund balance at year-end using the fund balances at the close of the first 9 months of the year. He projected the following unexpended fund balances at year-end: General Fund A (GFA): \$274,000+/-; General Fund B (GFB): \$182,000+/-; Highway Part-Town (DB): \$632,000+/-; Water/Sewer: well funded. Supervisor Tupper anticipated that the Town would receive approximately \$250,000 more in sales tax revenue than budgeted for.

Supervisor Tupper stated that the Town was over its 15% target for fund balance. There was enough revenue that the Town could handle an emergency in almost any area. He also explained that the 2020 Highway Department budget included \$280,000 in equipment, and that the Water/Sewer Department budget included the purchase of one new pickup truck.

Supervisor Tupper thanked Bookkeeper Hicks and Assistant Bookkeeper Johnson for their hard work throughout the budget process. Councilman Ross asked whether Bookkeeper Hicks was comfortable with the projections and the proposed budget. Bookkeeper Hicks answered in the affirmative and commented that the Town has never spent its entire budget. Supervisor Tupper noted that if the Town does not use unexpended fund balance the auditors would not be pleased. Supervisor Tupper commended Highway Sup't. Bassett for his efforts to reduce spending in the highway department budget and mentioned that savings were realized in the purchase of salt (sand was being used as well), paving, and labor.

Councilman Withey questioned what the percentage increase was in terms of the 2% tax levy limit. Supervisor Tupper indicated that with the changes he previously explained, the Town would be under the 2% tax levy limit. The Town would be approximately \$52,000 below the tax cap. The projected tax rate would increase from the 2019 tax rate of \$3.40 to \$3.41. Supervisor Tupper explained that the Town would have \$52,000 "roll-over" funds for the 2021 tax year that could be used to remain under the tax cap.

Supervisor Tupper mentioned that in the proposed budget, he moved the budget lines for the Gutchess Lumber Sports Complex (GLSC) from General Fund B (Part-Town) to General Fund A (Town-wide). The Town was still in communication with the State Comptroller, Association of Towns, and the Town's independent auditors regarding moving the expenses/revenues to GFA. Bookkeeper Hicks explained that everyone benefits from the GLSC, whether you live in the Town or in the Village.

With regard to the GLSC, Supervisor Tupper explained that he received an email from the NYS Dormitory Authority that the \$250,000 grant funds from 2017 (Senator Seward's grant) would be wired to the Town. Supervisor Tupper expected that the Town would be \$100,000 under budget for the GLSC. Councilman Withey questioned whether the funds would be used to

pay back the loan from the Town Water Fund. Supervisor Tupper explained that the \$250,000 would be used to make the last payment to ZMK Construction, which would not be made until the project was complete. The Town's engineer, CHA, must also be paid. The Town was expecting receipt of an \$862,000 grant, which when received would also pay back the loan from the Water Fund.

Councilman Withey asked about the status of the playground for the GLSC. Supervisor Tupper explained that the Town had \$84,000 in CDBG program income for the playground equipment, however an additional \$85,000+ was still needed in order to purchase the equipment. Supervisor Tupper was hopeful that a donation would be made to help the Town purchase the equipment. The construction of the playground would be through in-kind services and volunteers. If there was money left over after receiving the grant funds and making payments to CHA and ZMK, the Town would know whether or not there were extra funds to put towards the playground equipment.

With the modifications made to the 2020 Tentative Budget, Supervisor Tupper explained that the appropriations were up, the revenue was up, and the tax rate was up \$31,000, which equates to an increase of \$0.01 per 1,000 of assessed value.

Councilman Ross asked what action the Board must take. Supervisor Tupper explained that in order to meet the upcoming deadlines, the Board must accept the 2020 Tentative Budget with modifications as the 2020 Preliminary Budget. He explained that the preliminary budget could be modified as well, however the budget could only decrease.

Councilman Ross asked whether the upgrade to the microphones for the Town Board meetings was included in the 2020 budget. Supervisor Tupper explained that the upgrade was not included, however the funds could come out of the building account. Town Clerk Rocco-Petrella explained that she and Councilman Ross received quotes for an upgrade to the microphones as well as for video equipment, speakers, an amp, and a laptop with the appropriate software. The total price, including labor, was approximately \$18,000. She asked whether the Town could encumber funds from the 2019 budget. Supervisor Tupper explained that as of September 30, 2019, the building fund had approximately \$21,000 remaining. Councilman Ross was concerned that the public could not hear the Board during their meetings and wanted to complete the upgrade. No decision was made at this time.

Supervisor Tupper asked whether there were any further questions. Councilman Withey questioned whether the Highway Department "wish-list" was included in the budget. Supervisor Tupper explained that the budget included \$280,000 for highway equipment, which included the purchase of one new plow truck.

Councilman Ross stated that it was clear that Supervisor Tupper, Bookkeeper Hicks and Assistant Bookkeeper Johnson had done a lot of work since the Board's last discussion at the budget workshop. He was pleased with the modifications made to the Tentative Budget, was pleased that a large tax increase was not being presented to the public, and was pleased that there would be fund balance remaining. Councilman Ross made a motion to accept the 2020 Tentative Budget with modifications as the 2020 Preliminary Budget. Councilman Withey seconded the motion.

Discussion continued with regard to the next steps in the budget process. Supervisor Tupper explained that the public hearing was already scheduled for November 6, 2019 and that the budget must be adopted by November 20, 2019.

Supervisor Tupper commented that holding the budget line becomes more difficult every year with increases in salaries, retirement and health insurance benefits. The topic of consolidation was also discussed.

There was also further discussion regarding the Gutchess Lumber Sports Complex. Supervisor Tupper questioned whether the Board was comfortable moving the funding for the GLSC from GFB to GFA, which the Board agreed with. Supervisor Tupper briefly discussed the grants that the Town recently applied for with the City of Cortland. He noted that the \$400,000 joint venture grant with the Town and City for the GLSC included payment for the first year of the Town's bond payment. Supervisor Tupper explained that he was working on converting the \$3 million Bond Anticipation Note (BAN) for the GLSC to a 20-year bond. The BAN would expire at the end of January 2020. He estimated that \$225,000 would be payable at that time.

Supervisor Tupper apprised the Board there were several large tournaments scheduled for 2020, and that negotiations were underway for a 3-week long national amateur baseball tournament. He was hopeful that the GLSC would secure the large sports teams and stated that the sales tax and room tax generated as a result of the park was unbelievable. Councilman Withey asked what the percentage of sales tax was that the Town receives. Supervisor Tupper explained that the County sales tax agreement is solely between the County and the City, which is why the Towns and Villages fight hard for their percentages. According to the newest agreement, the County receives 54% of the sales tax with \$1.5 million off the top. The City

receives 17-¾%. The remaining percentages are split amongst the towns and villages based on assessments. The Town of Cortlandville receives 8.4% of the sales tax. Supervisor Tupper explained that if the Town would be in trouble if it lost the \$2.5 million in sales tax revenue.

Councilman Withey questioned the changes made to the budget for the GLSC. Supervisor Tupper explained that the GLSC had three budget lines in GFB for personnel, equipment and contractual which were moved to GFA. Bookkeeper Hicks explained that the remaining recreation budget lines in GFB were for the recreation contracts the Town has.

Councilman Withey questioned what happened with the copper water fountain that was at Citizens Park in honor of former Supervisor, Melvin Pierce. Supervisor Tupper explained that the water fountain was removed from Citizens Park and could not be used at the new park. Instead of selling the water fountain for scrap metal, the Board declared the property as having no value by resolution and gave it to Mr. Pierce's daughter.

The Board took action to accept the 2020 Tentative Budget with modifications as the 2020 Preliminary Budget.

RESOLUTION #237 ACCEPT 2020 TENTATIVE BUDGET WITH MODIFICATIONS
AS THE 2020 PRELIMINARY BUDGET

Motion by Councilman Ross

Seconded by Councilman Withey

VOTES: AYE – Tupper, Testa, Ross, Withey NAY – 0

ABSENT – Proud

ADOPTED

WHEREAS, the 2020 Tentative Budget was presented to the Town Board at the October 2, 2019 Town Board Meeting, and

WHEREAS, the Town Board conducted two Special Meetings/Workshops for the purpose of discussing the 2020 Tentative Budget and made the following modifications:

FUND	FUND NAME	TENTATIVE	INCREASE/ DECREASE	AMOUNT	PRELIMINARY
<u>CHANGES IN UNEXPENDED BALANCE – GFA</u>					
Unexpended Fund Balance		\$ 500,000.00	Increase	\$ 85,000.00	\$ 585,000.00
<u>CHANGES IN REVENUES – GFA</u>					
A1001	Real Property Tax	\$1,525,261.00	Decrease	\$ 85,000.00	\$1,440,261.00
<u>CHANGES IN UNEXPENDED FUND BALANCE – GFB</u>					
Unexpended Fund Balance		\$ 100,000.00	Increase	\$100,000.00	\$ 200,000.00
<u>CHANGES IN REVENUES – GFB</u>					
B1001	Real Property Tax	\$ 179,544.00	Decrease	\$100,000.00	\$ 79,544.00
<u>CHANGES IN UNEXPENDED BALANCE – DB</u>					
Unexpended Fund Balance		\$ 800,000.00	Increase	\$200,000.00	\$1,000,000.00
<u>CHANGES IN REVENUES – DB</u>					
DB1001	Real Property Tax	\$ 735,577.00	Decrease	\$280,000.00	\$ 455,577.00
DB1120	Non-Property Tax Disbursement	\$1,970,000.00	Increase	\$ 80,000.00	\$2,050,000.00

THEREFORE, BE IT RESOLVED, the Town Board does hereby accept the 2020 Tentative Budget with modifications as the 2020 Preliminary Budget.

No further comments or discussion were heard.

Councilman Testa made a motion, seconded by Councilman Withey, to adjourn the Special Meeting. All voting aye, the motion was carried.

The Special Meeting was adjourned at 11:10 a.m.

Respectfully submitted,

Kristin E. Rocco-Petrella

Kristin E. Rocco-Petrella, RMC
Town Clerk
Town of Cortlandville

*Note:

The draft version of this meeting was submitted to the Town Board for their review on December 15, 2019.

The final version of this meeting was approved as written at the Town Board meeting of December 18, 2019.