

**SPECIAL MEETING
BOARD OF MAYOR AND ALDERMEN
(FY25 BUDGET)
June 18, 2024 at 5:00 PM**

Mayor Ruais called the meeting to order.

Mayor Ruais called on Alderman Barry to lead the Pledge of Allegiance.

A moment of silence was observed.

The Clerk called the roll.

Present: Aldermen Morgan, Goonan, Long, Fajardo, T. Sapienza, Kantor, O'Neil, Levasseur, Terrio, E. Sapienza, Burkush, Barry, Vincent, Thomas

Mayor Ruais stated before we start, I just wanted to take a couple of minutes to set the stage of where we were when we started and where we are today and how we got here. When I got into office, we were staring down the barrel of some pretty significant budget challenges. We had a historically high 4% cost of living adjustment. Only three times in the last 25 years have we had even something that was at a 3% cost of living adjustment. The typical number we have seen is 1% or 2%. We had a \$2 million increase to healthcare costs. We carried a \$1.7 million surplus from last year's budget and a \$700,000 addition to overlays that we had to tackle. That represents about \$10.6 million in spending that we had to cover before we did anything we wanted to as a Board; any of our own priorities. So what did we do to protect the taxpayers? We made some significant changes to the budget. We made some significant cuts that were responsible and I will run through them really quickly. We reduced the school budget's request by \$4.2 million which was too high for some and too low for others. I think that is a solid compromise. We had \$1.8 million in department requests that came in that we were not able to fund. This evening we are going to be transferring \$1.532 million in surplus to reduce the tax rate, cut \$955,000 from CIP cash and return that to the taxpayers, and cut \$600,000 in funded vacancies. We are doing an additional transfer tonight of \$403,000 from the compensation study to the overlay account so that taxpayers don't have to bear that cost. We level-funded nearly every single department. We reduced borrowing by 15%. More broadly, we took a couple of addition steps. We

implemented a hiring freeze as well and that has saved additional dollars that Director Wickens informs us of when she gives her monthly updates. On June 4, we passed seven of the eight budget resolutions. The remaining one before us this evening is the city budget. In the two weeks since our meeting on June 4, there were changes to several projections, saving an additional \$500,000. Tonight we really have two basic issues before us. We have to approve two transfers and all that does is simply keep the tax rate lower. Nobody here wants a higher tax rate so approving the transfers should be pretty simple and an easy request. We want this rate to be as low as possible, especially given the difficult budget environment that I walked through a moment ago. The second is approval of the underlying budget. I believe this is a good compromise. It comes 2.17% under the tax cap; again, in a difficult cycle with the \$10.6 million hole that we started with. We made several significant responsible cuts that I outlined while not impacting city services. That is another great thing that I think we can take to heart with this city budget. We did not impact city services. In fact, if you run through the list, we provided millions of dollars for roads. We were able to hire some additional police officers while protecting 10 police offers that we transferring off of a federal grant. We have millions of dollars in parks renovations and upgrades, Fun in the Sun, Police Fuses, ShotSpotter, Welfare General Assistance where we were able to cover a deficit. We made some really good progress on this budget while protecting taxpayers in a difficult environment. I want to thank all of the aldermen that played a role in making tonight possible. I would urge passage of this and with that I will turn it over to Alderman Long for the motions he has before us.

1. Budget Resolution:

“Raising Monies and Making Appropriations of \$185,401,207 for the Fiscal Year 2025.”

Alderman Long stated as we worked through the budget process and reviewed the city department budgets, we recognized several priority adjustments to the FY25 appropriations. These are the same adjustments presented two weeks ago. None of that is changing. With these next motions, the 3.86% tax rate goes down to 3.43%.

Alderman Long moved to transfer \$403,748.02 from CIP 810924 Employee Compensation Study to the city's overlay account. **Alderman Terrio** duly seconded the motion. Mayor Ruais called for a vote. There being none opposed, the motion carried.

Alderman Long moved to suspend Ordinances 35.032 and 35.051 transferring the fund balance surplus allocation intended for the rainy day fund and severance reserve account to effect an allocation of \$1,532,000 to reduce the FY25 tax rate. Any excess FY24 fund balance by year end will follow the ordinance as intended. **Alderman Terrio** duly seconded the motion.

Alderman E. Sapienza stated I would just like to hear from Sharon Wickens on this. We are taking money from one account and moving it over. What kind of affect is this going to have? We are taking it from what, the rainy day fund?

Sharon Wickens, Finance Officer, replied normally surplus is, by ordinance, split three ways. One-third goes to severance reserve, one-third to the rainy day fund and one-third to the tax rate. What Alderman Long is proposing is that it would all go to the tax rate as tax relief. The rainy day fund...could it be higher? Yes. Is it okay where it is right now? What would be going there isn't a heck of a lot at this point. I think if he puts it to the tax rate that is a good use of the funds and we do have enough money currently in the severance account to cover projected retirements. Now, if they are higher then we probably wouldn't and we would have to deal with that throughout the year with surplus to cover that.

Alderman E. Sapienza asked so you don't see a negative here. You don't see something that is going to bite us down the road?

Ms. Wickens answered this is commonly done when we face a budget where it is tight and they really want to bring the tax rate down.

Mayor Ruais stated we aren't taking money from anywhere. This is just surplus revenue that came in to the city that we are deciding to use to lower the tax rate. We are not taking money from the rainy day fund or anywhere else.

Alderman Terrio stated Sharon we have had some discussions in the past. To follow-up on Alderman E. Sapienza's questions, is this going to create a hole next year that needs to be filled?

Ms. Wickens responded like anytime you use surplus, yes. This is very commonly done. Last year, \$1.7 million in surplus was used in the budget. I have seen it as high as \$3 million in surplus used. I have also seen none used. Yes, it would be the first bucket that would need to be filled. I think the Mayor, in preliminary conversations, has thought I won't have 4% COLA's next year either. To tackle this is going to be a little easier for him next year than it was this year.

Alderman Terrio stated just to summarize, we are going to use this money to lower the tax rate and we need to fill this hole next year.

Ms. Wickens replied if you were to generate \$1.5 million in surplus next year, it would be zero to the tax rate because you filled that bucket.

Alderman Levasseur asked what is the other option for surplus that would make it not necessary to fill it next year.

Ms. Wickens answered any time you use surplus, even if you use 1/3 of the surplus, whatever surplus is used in the budget is one time because you don't know next year if you are going to generate that exact same amount of surplus or less or more. It is really just one time. Every year we do have a surplus but it varies as to how much that would be.

Alderman Levasseur asked if it is surplus money and we are using 2/3 of that to go back into the budget, only 1/3 of that is not going into the budget right. Am I wrong about that?

Ms. Wickens replied it is all going. Normally, 1/3 would go to the reserve account for severance...

Alderman Levasseur interjected I thought we were only taking it from the rainy day fund but we are actually taking it from the two others also – severance and...

Ms. Wickens interjected you are not taking any money.

Alderman Levasseur stated but we are not putting it in.

Ms. Wickens answered we generated surplus and the ordinance says now send it to the rainy day fund and the severance reserve but you are not doing that. However, you are also not taking any money that is already in those accounts out.

Alderman Levasseur asked if you didn't use the surplus to reduce the tax rate, it would go into those accounts and we would not start next year in a hole.

Ms. Wickens responded you would not start the year with a \$1.5 million hole. It would be more like \$500,000.

Alderman Levasseur stated I just wanted to make sure that was clear. Thank you.

Mayor Ruais called for a vote. *There being none opposed, the motion carried.*

Alderman Long moved to amend the Resolution 'Amending Monies and Making Appropriations of \$185,401,207 for FY25' with a new total of \$185,760,157. **Alderman O'Neil** duly seconded the motion. *Mayor Ruais called for a vote. The motion carried with Aldermen Levasseur, E. Sapienza, Morgan and Kantor.*

*This being a special meeting of the Board, no further business can be presented and on motion of Alderman Levasseur, duly seconded by **Alderman E. Sapienza**, it was voted to adjourn.*

A True Record. Attest.

A handwritten signature in black ink, appearing to read "Matthew Normand". The signature is fluid and cursive, with a long horizontal stroke at the end.

City Clerk

The Mayor advises that this being a special meeting of the Board, no further business can be presented and a motion is in order to adjourn.