

RED HOOK TOWN BOARD MEETING
November 16, 2009

A special budget workshop of the Town Board of the Town of Red Hook, Dutchess County, New York was convened in public session at the Town Hall, 7340 South Broadway, Red Hook at 7:30pm.

Present: Supervisor Sue Crane
Councilman James Ross
Councilwoman Micki Strawinski
Councilman Harry Colgan
Councilman Robert McKeon
Town Clerk Sue McCann
Also Present: Business Manager Deb Marks
Budget Officer Rose Rider

Supervisor Crane welcomed everyone to the meeting and opened with the Pledge of Allegiance.

Councilman Ross explained that the Board decided they would just discuss the budget at this meeting. Councilman Ross explained that the Board closed the Public Hearing. After closing they began to go through the DB Fund. There were a couple of suggestions for changes. They assured the public that at tomorrow night's meeting they would take comments from them regarding the budget even though the Public Hearing was closed.

Business Manager Deb Marks handed out the updated budget figures.

Councilman McKeon referred to the DB Fund. He said that Highway Superintendent Wayne Hildenbrand gave his thoughts and feelings about the categories in the DB Fund. He recommended two categories where he would make reductions; first, were road improvements. Primarily the CHIPS project is Guski Road, and then there were two smaller projects Wayne hoped to do. Councilman McKeon recommended on road improvements, that the amount be reduced to the CHIPS project only.

Supervisor Crane asked if the Board agreed with this.

Councilman Ross responded this is the first he's heard this.

Supervisor Crane asked Budget Officer Rose Rider.

Rose told the Board that Highway Superintendent Wayne Hildenbrand said the reason he was looking at Lemon Lane was because of maintaining it. It is a dirt road.

Supervisor Crane asked Deb Marks what she thinks.

Councilman McKeon wants it reduced so they save \$51,000 for this year.

Councilwoman Strawinski said Wayne did do a good job explaining why he considered the three projects. He said that Lemon Lane could be put on hold and she wants to look at Oriole Mills herself. She thinks that might be able to be put off too.

Councilman Ross is not in favor of putting off road projects. In the last couple of years we've cut down our permanent road improvements considerably. Wayne explained that if we postpone things more, we are talking about a larger amount down the road. The \$101,000 is for only half of Guski Road. There is only about \$51,000 out of actual taxpayer dollars for road improvement total. He would not be in favor.

Councilman Colgan feels, under the circumstances, that they should remove anything that is discretionary for next year. He considers Lemon Lane and Oriole Mills Road discretionary based on what Wayne said. We have to spend the CHIPS money anyway. There aren't very many discretionary things that we can remove and live with in this whole budget.

Supervisor Crane said she can live with it and said it can be changed the first of the year if they find that we are in a good situation on January 1 with a new Board.

Councilman Ross feels if the majority of the Board feels it should be cut, then that is what we have to do and should do.

Supervisor Crane asked the Board how they would vote to cut those two projects this planning year only.

Councilmen McKeon and Colgan and Councilwoman Strawinski would vote to cut the two projects. Councilman Ross does not want them cut.

Supervisor Crane would prefer not to cut those projects but agreed to the cut.

Councilman Ross asked Deb Marks where that put the budget line.

Councilman McKeon put \$102,000. He said that CHIPS itself is an estimate also.

Councilman Ross explained that if we don't have CHIPS then we do nothing, there will be no improvements.

Councilman McKeon commented then we'll have some savings.

Councilwoman Strawinski asked if they've seen CHIPS money fluctuate over the years.

Councilman Ross answered that CHIPS has stayed pretty consistent.

Councilman McKeon had proposals for three other lines in the DB Fund. He explained his proposals.

Deb Marks checked to see what was spent to date.

The Board continued to review the budget lines in the DB Fund.

Councilman Colgan commented that if the changes are substantial they have to make sense.

The Board reviewed and discussed what the lines consisted of.

Deb Marks explained the items that came under the budget lines.

Councilman Ross stressed to keep in mind that what provides that DB Fund reserve is what is left over from some of the lines we don't use. If we pare that down even more, he is concerned that there will then be very little reserve contribution, if any, at the end of the year.

Sand, snow removal and where items belong in which lines were among the discussion as well as the transfer of money within the fund.

Supervisor Crane asked if everyone agrees that they cut as much from the DB Fund as they dare.

Councilman McKeon and Councilwoman Strawinski answered no.

Councilman McKeon explained that he had a subtotal of \$809,538. It is cutting \$83,000.

Deb Marks explained the lines.

Supervisor Crane asked Councilman McKeon to listen to what Deb Marks is saying.

Rose Rider explained that Wayne said he cut back on repairs this year so that he would have money to transfer.

The Board discussed the transfers in the funds in regard to the Highway DB Fund, and unanimously agreed on the CHIPS funding.

Deb Marks explained the budget numbers and presented the information to the Board. She also calculated the changes for the Board when they agreed on figures.

Councilman Ross explained that money can be transferred into the DB Fund at any time. Once it is in the DB Fund, it cannot be transferred back to the B Fund. It makes sense to get a budget agreeable to the majority of the Board and transfer that and use it for what we need. If you want to lower the tax rate keep it in the B Fund. If they need more in the DB Fund it can be done any time during the course of the year.

Councilman McKeon said he had no recommendations for revenue changes in the DB Fund.

Supervisor Crane asked Rose Rider if she could see any.

Rose Rider did not see any other revenues.

Councilman Ross wanted to make sure the majority of the Board agreed on the discussed changes before asking Deb Marks to run them.

Deb Marks again reviewed the suggested changes with the Board before she reran the budget numbers.

Councilman Ross explained they have to discuss the Zoning and Building Office updates.

Councilman Ross asked Supervisor Crane if she spoke to the Building Inspector and Code Enforcement Officer. He doesn't know how everyone on the Board feels about the office at this time.

Supervisor Crane spoke to Bob Fennell informally in an open door discussion. She told him we have a part time position in that office and we can cut that position. If we cannot cut the full time position in that office function, we cannot. He understood.

Deb Marks returned with the updated budget report; she reviewed the newest changes with the Board and the difference in percentages.

Supervisor Crane commented the lines are so sensitive to change that they have to be huge in order to have any effect. She brought up revenue in the B Fund. She spoke of the Community Preservation Funds ability to pay the interest and payment of the bond expenses.

Councilman Ross would want to do that but he spoke to Attorney Chale briefly and our Committee has not come up with a plan yet. We have to have that plan and as we all know when we voted for that we expected that to be part of the plan.

Supervisor Crane explained that if the Board had the political will they could do it, it is legal to do it, but they have to have the plan. If the plan suggests that we may tap that fund legally it will generate income revenue to pay for the bond to cover the PDR. She believes that fund is one that is rich enough in numbers to pay off the interest and principle on those bonds that were designated for open space and farmland protection for this year only. We are never going to need it more than we need it now. \$375,000 is sitting there. We should have the political will to have it this year only. You need to have the Committee come back with a plan; have the plan approved with that contingency in it on a year by year basis. Hopefully they will hear by December.

Councilman McKeon interjected that you have to complete all of the projects in the plan before you can pay down debt. You have to protect all of the properties that you are designating in your plan as potential projects before you can go back and pay for the debt associated with it.

Supervisor Crane added unless we make paying the principle debt a priority.

Supervisor Crane left the meeting at 9:05 pm. Councilman Ross, Deputy Supervisor presided over the meeting from that point.

Councilman Colgan thinks what she is proposing on the PDR is wrong legally.

Councilman McKeon concurred that it is wrong legally, you have to complete all the projects in the plan before you can pay down debt associated with it.

Deputy Supervisor Ross stated that we don't have a plan as of yet. You can make this a priority project in the plan but we have to have the plan to even do that. It would be the best use of that money.

Deb Marks brought the Board's attention to a line in recreation that could be reduced.

Rose Rider made comparisons and found some changes that could be made. They reviewed the recreation lines with Recreation Chair Doug Strawinski's input. Rose suggested that by moving things around it looks as though they could come up with a couple of thousand in savings. She also brought up St. Margaret's. It was cut but there is still additional money that could come out. Maybe we could do away with having the additional trees removed that are not threatening the building. She also asked about other areas from the St. Margaret's budget line.

Deb Marks suggested the possibility of dropping three possibly four summer programs this coming year.

Councilwoman Strawinski thinks the worse thing the Town could do is to take recreation programs away from the kids.

Recreation Committee Chair Doug Strawinski said the Town also asked them to consider adding a senior's program. They discussed that at their last meeting because they thought it was a great idea. They spend a lot of time with youth programs.

Councilman McKeon compared lots of Town's budgets to our budget and there are areas where we are spending more money than other Towns of our size and even larger sizes. When you look at recreation programs we are the cheapest game in town. We are much less than other Towns. Rhinebeck pays more for recreation and they offer a pool. He would be hesitant to take what is a very skimpy budget and make it less than what it is. He said he is reluctant.

Deb Marks spoke to Ted Eglit, CPA, and said he will be at tomorrow's meeting. He also asked her to remind the Board of his remarks about the fund balance. He said it would be prudent of the Town Board to seriously consider doing this. He said the taxpayers could turn around and say to us "you've got that money sitting there and you didn't use it to lower our taxes".

Councilman McKeon interjected that we need to be using it responsibly.

Deputy Supervisor Ross asked if there were any other items in the A Fund that the Board wanted to cut before moving to the revenue side and the transfer side.

The Board reviewed and discussed the General A Fund lines. Dog control was discussed at length. Possible position eliminations were discussed.

Councilman McKeon recommended cuts in various lines.

Deb Marks explained that some of the cuts did not seem logical. She explained what the budget lines he is considering contain.

Councilman McKeon told the Board that he thinks that those members that will here next year need to do a better job in regard to managing the Attorney's line. He said he would support a reduction in that line from \$60,000 to \$55,000.

Deputy Supervisor Ross explained that is a contract we have with her.

Councilman McKeon understands that but thinks they need to talk to her. There is also another line we will be paying her and it will exceed her \$60,000 figure.

Deputy Supervisor Ross responded if that is the case then we have to go back out to bid and modify her contract for next year and let them know exactly what we are offering for the Attorney with the duties so stated in her contract.

Councilman McKeon said in his discussions with her she has indicated that if her time doesn't add up to \$60,000 then of course she wouldn't charge us \$60,000. He doesn't feel it is being used efficiently. Her contract now is \$60,000 and it is a retainer.

Deputy Supervisor Ross stated that there are things she does that are outside of the retainer.

Councilman McKeon suggested keeping both the retainer work and Centers & Greenspace to \$65,000 in total. There will be another \$5,000 available through a Greenway Grant so she could get \$70,000 next year in billing. He thinks that would be sufficient.

Deputy Supervisor Ross again stated the contract would have to be renegotiated.

Councilman McKeon would be willing to talk with her unless the Board prefers not to renegotiate. He doesn't think the Attorney is being used efficiently and there is plenty of room for improvement. She goes to meetings when quite frankly he doesn't think she needs to.

Councilman Colgan responded that she has cut back on that.

Councilman McKeon does not agree.

Deputy Supervisor Ross is in favor of leaving it the way it is. He would like the Supervisor to be involved in that discussion.

The Board discussed the Attorney for the Town lines and fees over the last few years.

Deputy Supervisor Ross does not think it is wise to cut. It was previously cut from \$75,000 to \$60,000 and he thinks that is realistic.

The Board decided to leave that line open for the time being. Councilman McKeon will speak with her.

The Board moved on to discussing revenues. We don't know Red Hook's share of revenue from mortgage tax for the most recent period.

Councilman McKeon cautiously proposed \$200,000 mortgage tax estimate.

Councilman Ross is not in favor of that and explained that he'd rather go up a little more to somewhere between \$60,000 and \$75,000 from our fund balance. We would still have a healthy fund balance. He is not in favor of budgeting more for the mortgage tax revenue. That is where you get in trouble, when you are too liberal on your revenue side. He does not think it is healthy to estimate too high on our mortgage tax revenue.

Councilman McKeon argued that he agrees, but the numbers don't back up what he is saying. Sales started picking up in August, September and October. Prices are down 3% but sales are up 20% from last year. He doesn't think it will exceed his \$200,000.

Deb Marks is not comfortable with Councilman McKeon's proposal.

Deputy Supervisor Ross would like to see \$85,000 come from the fund balance (rather than \$60,000) and leave it the way it is. Then reimburse the fund balance when the mortgage tax revenue comes in as they expect and hope it will.

Revenues were discussed at length among the Board and Business Manager Deb Marks.

Councilman McKeon handed out a packet of information that he composed so the Board could see why he is advocating this. He proposed \$120,000 from the reserves and \$200,000 from mortgage tax. He explained his mortgage tax proposal and gave a three year projection and how

the Town might use the reserves. He feels that using a multi-year budget makes it a lot easier to plan appropriately. You have to have a strategy on however you decide to use the reserves.

Deputy Supervisor Ross explained that the Board should try to make decisions tonight because tomorrow night is the last discussion before they adopt the budget.

Councilman McKeon continued to review his proposal with the Board.

Deputy Supervisor Ross clarified that the Board agreed on the B Fund.

Councilman Colgan has gone through this in his lifetime again and again and again. You cannot predict. He does not believe that Councilman McKeon's prediction "has the credibility of quicksand" and neither does his own. Therefore he is not willing to make a judgment based on projections, he wants it based on "what is". "What is" right now is \$175,000.

Councilman McKeon argued that it isn't and that it is not supported with any real numbers.

Rose Rider can support the number. She explained their reasoning as well as the facts the numbers in the line were based on.

Deb Marks expressed her concerns to Councilman McKeon.

When the issues were settled they asked Business Manager Deb Marks to run the numbers with \$120,000 from the reserve without changing the mortgage tax. The B Fund personnel issues would be reviewed at tomorrow's meeting.

Councilman Colgan said it was arranged to have the library tax on a separate line on the tax bills. He found a manual that went with the 414 action that was taken. The manual said you should put a separate line item on the tax bill. He said that Deb Marks got in touch with the County and they said they had already done it.

Councilman McKeon argued that he doesn't understand their rationale and that Councilmen Ross and Colgan are not being realistic. Houses transact no matter what is going on in the world, mortgages are written.

Deb Marks returned with her figures and told the Board that she thinks they have a budget.

Councilman McKeon told her they have more work to do.

Deb Marks responded that there was no need.

Rose Rider commented that 4.83% is wonderful considering where they started.

Deb Marks added "and 5% in the Village".

Deputy Supervisor Ross suggested the Board think about the information that Councilman McKeon proposed. It makes sense but he personally wants to be very conservative in these economic times. He'd rather keep the \$25,000 out of the proposed revenue receipt.

Councilman McKeon agrees about being conservative but he doesn't think conservative means being outrageously low either.

Business Manager Deb Marks again said that this is a good budget that everyone can work with.

Councilman McKeon answered that it is heading in the right direction.

Deb told the Board that she has been doing this a long time and it is a good budget.

Councilman McKeon conveyed to the Board that he will not vote for any increase. He asked Deb Marks to run the budget as it stands right now.

Councilman McKeon remembered that he wanted to have the NYSERDA application put on the agenda. We didn't get the funding for the solar panels. They had a conference call with NYSERDA at Hudson Valley Clean Energy and they told them our application was in the top third but we needed a couple of technical specs. They encouraged us to reapply because we rated so highly. We were going to offer \$12,000, but Councilman McKeon would recommend we offer \$14,000. The payback would be a savings of \$4,000 a year on our electric for this system. It is a \$14,000 investment if we get it with a 3 ½ year payback, and then the taxpayer gets 21 ½ years of free energy warrantee and price protection. It would happen next year if we get it. It's a better investment than what you get in interest bearing accounts. It is a very nice return.

Deputy Supervisor Ross asked how much that would increase our capacity over what we have now.

Councilman McKeon told him a lot.

Councilman Colgan said about fifteen to twenty times more than we have now.

Town Clerk McCann asked how many panels and how much they weighed.

Doug Strawinski explained that the panels are very light.

Town Clerk McCann told the Board that she has spoken to Kathy Hammer of PANDA. Sue Simon taped her last meeting. According to the contract we really only should receive one taping per month. They are scrambling right now to see who that can be. Fred Cartier is heavily booked. Normally Fred charges, but for one meeting PANDA would pay.

Business Manager Deb Marks returned with the newly printed updated budget reports that she distributed to the Board for their review.

On a motion of Councilman Colgan, seconded by Deputy Supervisor Ross moved to adjourn the meeting at 10:37 p.m.

Adopted	Ayes	4	Ross, Strawinski, Colgan, McKeon
	Nays	0	
	Absent	1	Crane

Respectfully submitted,

Sue McCann, Town Clerk