

TOWN OF KIRKWOOD PUBLIC HEARING

October 30, 2018

A public hearing regarding the Town of Kirkwood's Preliminary Budget for 2019 was held on October 30, 2018 at 6:00 PM at the Joseph A. Griffin Town Hall with Supervisor Gordon Kniffen presiding.

Present: Supervisor Gordon Kniffen
Councilman Robert Weingartner
Councilman Lewis Grubham
Councilwoman Linda Yonchuk
Councilman William Diffendorf, Jr.

Also Present: Oliver Blaise III, Attorney
Gayle Diffendorf, Town Clerk
John A. Finch, Jr., DPW Commissioner
James Smith, Budget Officer

Supervisor Kniffen thanked Mr. Smith and the Board members for their work on the budget. In referencing the budget summary page, he explained that the Budget Appropriations column pertains to money that is actually spent. The Highway Fund went down \$2,000 and the Fire Districts went up about \$13,000, part of which is due to a new law that will take effect January 1st that all volunteer firefighters must have cancer insurance and the cost of that has been included in the budget. There are basically two reasons for the \$300,000 increase in General Fund. Remediation has begun to fix roads, bridges, etc. damaged by flooding and although FEMA will help by paying 75 percent of the cost and most likely the State will pay 12 ½ percent, the Town will have to pay the remaining 12 ½ percent. The hope is that New York State will pick up the whole 25 percent but we can't go forth without planning. There was \$2.5 million worth of damage and 12 ½ percent of that is quite a bit of money. Also we are involved in trying to secure grants by using a grant writer and there are several that we should be hearing about in December. Although the grants are very good for us, they don't pay 100 percent, the percentage varies depending upon the grant. We have to plan for our share if we get those grants. This results in a four cent increase on the tax rate, so for a typical \$100,000 home in Kirkwood the increase will be \$4.00 a year. Supervisor Kniffen said he thinks we are fortunate to be able to do that while planning for the future as well. He also noted that this is the seventeenth year that the Town Board has not taken a salary increase.

Mr. Smith provided a list of the items that changed in the General, Highway and Fire funds and stated that health insurance came in lower on Blue Cross Blue Shield since the first preliminary budget was provided. The increase is 1.5 percent so that is a pretty good savings. Other than Fire, the only line that went up was parks contractual, which went from \$38,000 to the original request of \$40,000. There is a net savings of \$22,200 and the application of that was the lower tax levy total from the first version by \$2,688 and the lower amount being appropriated out of Fund Balance by \$19,512. Although it was not unanimous, the consensus was to keep some kind of an increase because inflation keeps happening and the Union scale drives salary increases. We are appropriating a large number based on the flood damage and waiting to see the breakout between small and large projects with FEMA and what the State's participation is going to be as well as the outcome of grants. Even if it is all favorable we're probably going to end appropriating over \$100,000 anyway. The fire cancer coverage came in the late stage of this process. It appears it's a result of 911 responder health problems. Mr. Smith reviewed some of the mechanics that have to be sorted through, noting there are certain criteria and it can be very involved. He plans to put in \$9,000 for both companies. He has heard estimates of anywhere from \$156 to \$500 for premiums. One of the estimates didn't include lung cancer and Mr. Smith said that doesn't make sense if someone is exposed to smoke, etc. The thinking is that the highest risk would be lung cancer so it would seem they would want that coverage. Even though there are a lot of people in the fire companies they are not all going to fit the criteria, but as the insurance companies try to establish the premiums, if they look at the rosters and estimate the premium but the number of eligible people is much less, that could drive the premium up. The suggestion is that we hold the \$9,000 back and wait for their premiums to come and then pay it. Supervisor Kniffen said we did speak with both fire companies and

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they have a breakdown of how many members would be eligible so this helped us come to a more meaningful number in the budget. Otherwise we probably would have overinflated it for sure. This actually comes out of each fire company's budget and it hasn't been determined who they will buy the insurance from.

Mr. Smith said we are appropriating over \$400,000 in fund balance and have \$219,000 in for exposure on the flood and we're hoping to get 12 ½ percent from the State. If we don't get that it might help us if a lot of the projects turn out to be small. There are a lot of unknowns.

Councilman Diffendorf questioned why we lowered the rate from our September draft to this draft by two cents on the General Fund and two cents on the Highway Fund. Mr. Smith responded because of the potential of the consolidated impact there are a lot of ways to go but in terms of what we had to do to include the last fire piece we wanted to lower the other ones in terms of how we dealt with it and still come out with a town wide small raise of around 1 percent. When that premium came in, we lowered some items in Highway a little bit to help even it out. We're hoping those premiums really don't come in that bad and we can raise those back next year and appropriate that for smaller premiums. Councilman Diffendorf questioned if this won't affect our 2 percent next year. Mr. Smith said the 2 percent includes all the levies so it won't when you consolidate it all, including water, sewer and light districts. That is what triggers your 2 percent flexibility. Considering we consolidated and still raised we won't be giving it away. We can put it back there if we take it from somewhere else. The other concept of the tax cap is every year that you stay under you can bank the savings. It's conceivable that in two or three years if we want to make the levy 4 or 5 percent we could by saying we banked the savings from the tax cap over the last several years and not have to go to special resolutions because we would adhere to their accumulative limitation. It's what's out there for municipalities. Supervisor Kniffen noted that from day one he's said there are times when we don't exceed the tax cap that we might not be doing our job. If we squeeze our pennies too tightly how do we plan for the future. So there are times when we should exceed the cap for something like the town garage if we decide to do it. This would take a few years to do so we have to put it in the budget and how could we be criticized for planning instead of not planning and all of sudden this year your tax rate is going to go up 20 percent. That's part of our job too. Supervisor Kniffen said he fully endorses and agrees with the tax cap, that the bar should be raised. People that we represent want us to do that since we're spending their money and they want us to spend it with reason and foresight but not always squeeze it so tight that we didn't plan for the future. Councilman Diffendorf noted a concern that we didn't leave General Fund and Highway the way they were instead of lowering them to make the Fire Budget look better. Supervisor Kniffen said it's for the tax payers.

Supervisor Kniffen said he thinks we should change our budget format, that he should sit down with Mr. Smith and put together a budget and then the Board sit down publicly at a work session and hash it out. Currently he and Mr. Smith put the budget together and then each Board member meets with Mr. Smith separately and he thinks we lose something. We should all be discussing it together. It takes a lot of work to do it right.

Councilman Grubham addressed Councilman Diffendorf, stating that he asked for a lot of the cuts, that he went through the budget and found a lot of things that he didn't think were needed. Councilman Diffendorf said he had no problem with the cuts. He questioned the \$219,000 under Fund Balance Applied for General Fund. He was told that is the cost to remediate for flood damage if we have to pay 12 ½ percent and we will use our fund balance. Councilman Diffendorf said we also increased the Fund Balance that we applied to the budget. Mr. Smith said the \$219,000 is part of the \$373,000, it's not in addition to it. It also includes money for some of the money we might have to spend if we are successful in getting grants. Councilman Diffendorf said he doesn't know how we can lower the tax rate. Mr. Smith responded that we are able to because we are consolidating it for the town wide picture and trying to keep it under check for tax payer's individual bill. Councilman Diffendorf said he just wants to keep a good steady balance in the budget for years to come without any big increases. Supervisor Kniffen added we've been able to build up a good fund balance and although some may criticize that, you have to plan on things happening just like the flood, and you don't want to be caught empty handed, you want money for a rainy day. Councilman Weingartner said he feels

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better now after listening to some of this discussion, that he was really concerned about the tax cap issue. Mr. Smith said you can access what is left on the table. Councilman Weingartner said he was thinking let's take the tax increase up to 2 percent and put the extra money in a reserve fund for the town garage. Mr. Smith added that when we work through the Water and Sewer Budget there is a little wiggle room now if we wanted to raise those a little bit.

Hearing no additional comments, Supervisor Kniffen ordered the hearing closed at 6:33 PM.

Respectfully submitted,

Gayle M. Diffendorf
Town Clerk