

MINUTES OF THE CHESHIRE TOWN COUNCIL SPECIAL MEETING AND BUDGET COMMITTEE MEETING HELD ON WEDNESDAY, APRIL 12, 2017 AT 6:30 P.M. IN ROOM 207, TOWN HALL, 84 SOUTH MAIN STREET, CHESHIRE CT 06410

Present:

Robert J. Oris, Chairman; Paul A. Bowman, Vice-Chairman; Michael Ecke, Jeffrey Falk, Patti Flynn-Harris, Sylvia Nichols, Thomas Ruocco, Timothy Slocum, Peter Talbot. Staff: Michael A. Milone, Town Manager; Arnett Talbot, Assistant Town Manager, James Jaskot, Finance Director; Gina DeFilio, Deputy Finance Director. Vincent Masciana, COO, Department of Education; Ms. Fabiani, BOE member

1. ROLL CALL

The clerk called the roll and a quorum was determined to be present.

2. PLEDGE OF ALLEGIANCE

The group Pledged Allegiance to the Flag.

Chairman Oris moved agenda item #4 to current status.

4. AUTHORIZATION TO APPLY FOR A \$500,000 STEAP GRANT FOR THE LINEAR TRAIL NEAR WEST MAIN STREET

MOTION by Mr. Slocum; seconded by Ms. Nichols

BE IT RESOLVED, that the Town Council approves Resolution #041217-1

RESOLUTION #041217-1

BE IT RESOLVED, that the town Council authorizes application for a Small Town Economic Assistance Program (STEAP) grant for \$500,000 for a parking area and related elements in the West Main Street commercial area of the Linear Trail, and further authorizes Town Manager Michael A. Milone to execute all necessary application documents.

Discussion

Mr. Milone stated that this is the third attempt for another STEAP grant. This grant would address the parking shortage on West Main Street. He has made the same request to Rep. Esty and State Rep. Linehan. He also talked to Commissioner Redeker about the parking shortage which of concern to the State, and the Town does not have the funds.

VOTE           The motion passed unanimously by those present.

4. DISCUSSION RE: FINAL BUDGET REVIEW OF DRAFT RESOLUTIONS

Handout, April 12, 2017.

Page 2 – Summary of Revisions to Budget Components

General Government	\$ 434,537*
Debt Service	\$ 674,549*
Revenues	\$ 223,432
Total to Date	\$1,332,517

\*expenditure reductions

Page 1 – Proposed Council Budget – Budget Comparison April 12, 2017

Budget based on \$1,332,517 changes.

Town Government budget reduced \$434,537; Education budget reduced \$705,000.  
New Mill Rate – 32.23 mills; average assessment \$232,450; average tax \$7,492;  
Increase of \$242 or 3.26%.

Percentage distribution – Town Government – 31.83%; Education – 61.87%.

The Council discussed lower mill rate increases and related changes.

Mill Rate of 31.97 mills; average tax increase \$182 or 2.44%.

For the same reduction for both Town Government and Education - \$787,384 or 0.93%.

The percentage distribution between Town Government and Education was cited by Mr. Milone...Town Government 35.6%; Education 64.4%.

Mill Rate of 31.94 mills; average tax increase \$175 or 2.35%.

Mr. Oris stated this is getting the mill rate under 32 mills. He is uncomfortable with the BOE reduction; it is too high; he supports the \$705,000 BOE reduction; this does not include the \$250,000 to be applied to the \$705,000. Mr. Oris feels the 31.97 mill rate is reasonable for the Town and BOE and taxpayers. The BOE line item reduction number would be \$455,000 (\$705,000 less \$250,000). He is not looking to cut anything further on the Town Government side of the budget.

Page 3 – Expenditures (Increase)/Decrease

Mr. Milone reviewed the detailed General Government expenditures increase/decrease.  
April 5, 2017 total - \$100,498

April 10, 2017 total - \$43,939

April 5, 2017 total - \$187,000

April 10, 2017 total - \$103,100

All the General Government increase/decrease numbers were outlined and defined by department and amount. Mr. Milone said he could make the Town Government budget work.

Debt Service - \$674,549.

There was a discussion on the Medical Benefits Trust Fund \$100,000 allocation to the budget, and possibly reducing it to \$50,000. Fund Balance would be \$1.4 million.

Mr. Masciana informed the Council that the BOE Medical Benefits Trust Fund has a \$2.2 to \$2.3 million balance, and \$75,000 has already been used for the budget line items. Medical benefits were reduced \$600,000 in the operating budget, and BOE may need a reserve as a cushion.

Mill rate of 32.01 mills; average tax increase of \$190, 2.56%.

Cut medical benefits trust fund to \$50,000 allocation, and General Government is \$384,537 (1.10% increase); Education is \$705,000 (1.05% increase); Debt Service is \$674,549; Revenue is \$223,431.

Total budget cuts of \$1,089,537; Town 35.29%; Education 64.71%.

Mill rate of 31.99 mills; 0.80 increase in the mill rate; average tax increase of \$186, 2.50%.

#### Page 5 – Revenue Increase/Decrease, April 5, 2017

Total Revenue Adjustments - \$223,431.

The Council reviewed the revenue increases and decreases, and talked about the Elderly Tax Relief Program, and increase in the tax credits equal to the mill rate increase. Current Tax Levy-Elderly Freeze is \$9,584. The mill rate at 31.99 is a 2.5% increase. For the elderly tax relief, an increase of 2.5% is an additional cost of \$2,500.

Mr. Ecke stated that the proposed mill rate increase of .080 mills to 31.99 mills is the highest increase in 10 years. He commented on this being the first act of the play, and the next Council deciding on how to fund the deficit the State is pushing forward on the towns. Mr. Ecke said the Town cannot continue to offer the same services if the State continues pushing millions of dollars of their responsibility onto the municipalities. The

State is putting the town into a box and raising the mill rate is the only place to go. He questioned whether more cuts are worthy. This is the largest mill rate increase in 10 years, and then the State will force a supplemental tax bill. There will be additional cuts to Town Government and Education budgets.

The Council was told by Mr. Milone that services will be affected by what is being done with this budget, and we will see changes on the Town side.

Mr. Ruocco said it was the same situation last year when the Town knew the State would cut the budget, and the question is how much. He suggested doing reductions before adopting the mill rate, and said the State does what it wants and knows the towns will cover it. Mr. Ruocco stated the increase should be in line with the past, and he knows there will be a supplemental tax increase, and he does not support this. Preparations should be made now...do more with less...or do the same with the same.

Mr. Ecke said that tonight the Council must start preparing for next year.

According to Mr. Ruocco, a 2.5% mill rate increase is high. The motor vehicle mill rate cap is 32 mills.

This budget makes substantial structural changes on the Town side and Mr. Milone said more will be on the personnel side. There is downsizing; 4 retirements are expected in the next 6 months, and possibly 2 more; this will be the start of diminishing the size of the employee count. The budget total increase is 0.77%. The Council has done a lot in bringing down sustainable expenses with 4 frozen positions and 3 cut back dramatically.

On the Town side, Mr. Oris said Mr. Milone has made structural changes this year. The Library is down 2 frozen positions, the Media Coordinator was cut, and there is consolidation of the Parks Division into the Public Works Department. Mr. Oris said there is no more that Mr. Milone can do, and we are at the point where the BOE can do more. He commented on the education system driving this community in many ways, including property values. With the \$705,000 BOE reduction, less the \$250,000, their reduction is \$455,000. Mr. Oris has concerns about the impact on the education system. The increase of 0.77% is all revenue issues now, and Mr. Oris is not comfortable going any lower than 0.77% budget increase. He noted that issues cannot be solved in one year.

Stating he did research on the teachers pension contribution, Mr. Ecke said this is the tip of the iceberg and the contribution could be +\$3 million next year.

It was stated by Mr. Slocum that all 169 towns in the State will receive the pension contribution bill and will be screaming too.

People need to know where the Council stands and Mr. Oris said problems will be coming.

Mr. Ruocco asked about taking another \$500,000 out of the budget, split between the Town and BOE. The BOE would be at \$1,030,000 and Town at \$559,537.

On page 3 of the Budget Summary Book, Mr. Milone pointed out the budget differences over the years, and the fact that there were two revaluations in the 10 year period. This distorted the mill rate increase. The average tax increase has been 1.84%.

Mr. Ruocco commented on the mill rate impact and his not knowing how it will be received by the people in town. For the record, he said this is the most bizzare budget he has ever seen as a Council member.

The Council was informed by Mr. Milone that the State of Connecticut did a presentation to Moody's. The State people were told to turn the State around or it will affect the credit rating of the municipalities, and stated the State is balancing its budget on the backs of municipalities.

In looking at all that has been discussed, Mr. Oris said the Council is looking at scenario #4 from the April 10<sup>th</sup> meeting.

Mr. Talbot asked for the BOE, in next year's budget, to present expenditures, decreases, increases in the same detailed format as the Town Government budget.

Stating his agreement, Mr. Oris commented on the public deserving to know these BOE details as those seen in the Town Government budget.

Ms. Flynn-Harris said it is more transparency on the Town side, but not the BOE side.

Mr. Masciana explained that when the BOE does its reductions in the budget, the outcome will look something like that of the town side...line item cuts.

In looking at the BOE reduction of \$705,000, less the \$250,000, Mr. Ruocco said their number is \$455,000, which is a small percentage of their total budget.

To cut 1/10<sup>th</sup> of a mill, Mr. Milone said there would need to be another \$271,925 in budget cuts, which equates to \$22 more taxes for the average taxpayer.

Regarding CNR, Mr. Milone said taking more from CNR would have this come down and never be restored. During the capital budget process the Council must adopt a resolution that \$250,000 is going towards paying more of the debt service. A \$250,000 BOE project (sidewalks) will be bonded. He noted that the WPCD restructuring of the commercial sewer use fee is sustainable revenue. All personnel changes must come back to the Council with job descriptions and classifications for approval.

With retirements coming this year, Mr. Slocum said operational changes will result and personnel will be reduced.

Mr. Milone said this could be the situation. He does not know right now who will be retiring, and there will be consideration for further reductions. Mr. Milone knows of two sets of retirement incentives this year to be paid out July 2018. There will be consideration on whether to eliminate the jobs, consolidate jobs, or keep the jobs. With more retirements he hopes for more structural changes.

Mr. Oris hopes the BOE is looking for more efficiencies and consolidations without impacting their services.

Ms. Nichols agreed with the comments and statements of Councilors, and said she has concerns about the future before the Town and BOE. She supports the 31.99 mill rate increase.

Following the discussions and statements, the Budget Committee cited a 31.99 mill rate for FY 2017-2018; average taxes of \$7,436; tax increase of \$186, or 2.50%.

MOTION by Ms. Nichols; seconded by Mr.Ecke.

MOVED that the Budget Committee forwards the following recommendation for FY 2017-2018 budget – increase of 0.77%; mill rate of 31.99 mills or 2.50% - to the full Town Council for consideration and approval.

VOTE           The motion passed by unanimous vote of the Budget Committee.

WPCD – Page 8 of the handout. Mr. Jaskot commented on the increase in the commercial sewer user fee, \$324,549, which will be used to pay more debt service, and

use of \$100,000 from WPCD fund equity. Workers Compensation had a decrease of \$3,000.

POOL - \$40,000 being taken out of fund equity; Workers Compensation decreased by \$2,000.

5. ADJOURNMENT

MOTION by Ms. Nichols; seconded by Mr. Ecke.

MOVED to adjourn the Special Town Council and Budget Committee meeting at 7:45 p.m.

VOTE The motion passed unanimously by those present.

Attest:

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Marilyn W. Milton, Clerk