

MINUTES OF THE SPECIAL CHESHIRE TOWN COUNCIL MEETING AND BUDGET COMMITTEE MEETING HELD ON THURSDAY, NOVEMBER 9, 2017, AT 7:00 P.M. IN COUNCIL CHAMBERS, TOWN HALL, 84 SOUTH MAIN STREET, CHESHIRE CT 06410

Present

Council Chairman Robert J. Oris Jr.; Vice Chairman Paul A. Bowman; Michael Ecke, Jeffrey Falk, Patti Flynn-Harris, Sylvia Nichols, Thomas Ruocco, Timothy Slocum, Peter Talbot.

Staff: Michael A. Milone, Town Manager; James Jaskot, Finance Director; Assistant Town Manager Arnett Talbot; Gina DeFilio, Deputy Finance Director; PW Director George Noewatne.

Dept. of Education – Supt. Of Schools Jeffrey Solan; COO Vincent Masciana

1. ROLL CALL

The Clerk called the roll and a quorum as determined to be present.

2. PLEDGE OF ALLEGIANCE

The group Pledged Allegiance to the Flag.

3. F.Y. '18 OPERATING BUDGET – Overview; State Aid; Proposed Legislation

Town Manager Milone and the Council reviewed the information submitted prior to the meeting.

Attachment #1 – FY '18 and '19 Revenue Budget Analysis/State Grants.

Column #2 cites the State Adopted FY'18 budget for grants to the Town.

The PILOT and Elderly Circuit Breaker grants were eliminated by the Legislature, and this was not in the original information sent to the Council.

Education Aid Special Ed. Excess – at the time the Legislature's budget was adopted there was no appropriation for special education; a supplemental document was received by the Town explaining that the special ed excess cost grant had been restored. A short time ago, Cheshire was \$340,000 less than what the town had appropriated. Now, the town is \$343,323 to the good.

Major Changes – included the adoption of the new program for Municipal Stabilization Fund; funding at \$326,156.

MRSA Revenue Sharing – was eliminated by the Governor; the legislature wanted to re-establish this program or come up with a mechanism to replace it; the Municipal Stabilization Funding was intended to replace MRSA.

Grant for Municipal Projects – is money received over the last few years; the Governor eliminated this from his budget; the legislature restored it.

PILOT Programs – the Governor’s earlier budgets eliminated both PILOT payments; the loss in October was \$1.6M in PILOT funding and \$2.2 ECS funding; total of \$3.8M; the PILOTs have been restored.

The Elderly Circuit Breaker - payment was eliminated. What is disturbing about this is this payment affects the town’s Elderly Credit and Elderly Tax Freeze programs, which was built on this funding. In the upcoming Legislative Package, Mr. Milone will advocate for reimbursement of this program. The State adopted the Circuit Breaker Program, imposed the eligibility criteria on the town, but will not pay for it. At the CCM meeting on November 9th attended by Mr. Milone and Mr. Jaskot this program was of high priority for restoration.

Pequot-Mohegan – this was re-established; it was totally defunded by the Governor a few months ago.

Town Aid Roads – no funding for this program.

Education Aid – the Governor split this out into Special Education Aid and ECS funding. The Legislature restored this as one program, ECS, and increased the funding.

Column #3 – shows the variances between the FY ’18 Town approved budget and the Fy’18 State adopted budget. The Town of Cheshire is projected to receive \$15,309,175 against the budgeted appropriation of \$14,965,852, or \$343,323 additional State revenue.

FY ’19 – using the FY’18 as a base, it indicates a slight increase of \$263,871 next year; ECS funding increases about \$355,000; on the municipal side the stabilization fund decreases by \$234,000; LoCIP decreases by \$120,000; Pequot-Mohegan grant goes down by about \$77,000.

Mr. Milone stated that, at this time, things look better than they did three weeks ago.

Attachment #2 Revenue Sheet – shows the trends the town dealt with over the past 6 months.

Each time there was a budget proposal from the Governor, it was posted on the revenue sheet, and discussed with the Council. In September, the Legislature adopted a budget which was vetoed by the Governor. On October 16th, the Governor proposed the last of his five budget proposals.

The last line on this sheet (arrow) is the total amount of State grants expected at various moments in time. The town expected to receive \$14,965,852. May 15th this dropped to \$3.8M. The Governor tried to impose a municipality payment of \$3.5M to Cheshire for the Teachers’ Retirement Fund contribution. On June 28th the Governor prepared his executive order budget, took additional money from municipalities, and did away with most of the municipal aid programs. On August 18th, the Governor went further and

reduced Cheshire's State aid to \$1.19M. On September 16th, the Legislature's proposal provided Cheshire with \$16M, but the proposal was vetoed by the Governor. The Governor then came back with a proposal giving Cheshire \$13.8M.

Mr. Milone commented on the most disturbing thing about all of this. The Governor proposed five iterations of the budget, ranging in municipal aid to Cheshire from \$14.9M to \$1.19M. In looking at the allocation of the money it is all over the place; it does not show a coherent, well thought out plan for revenue transfers to local governments; and it appears there was not much thought or concern in development of these budgets. Mr. Milone said there is worry about the validity and certainty of the numbers from the Legislature.

According to Mr. Milone there will be some start-up of normalcy. This would include the Library Sunday opening, delayed by three weeks, to November 19th. Winter recreation programs will be taken off hold and will be ongoing; two Cheshire police officer positions are vacant, but funded. In certain situations he will proceed with care and caution, would like to fill some of the critical jobs, and continue provision of services.

Mr. Slocum asked if there was an analysis on revenue foundations for the budget, and if CCM came up with numbers.

At this time, Mr. Milone said the only thing to go by is the information from the Comptroller's office and Office of Fiscal Analysis. Some of the State revenues are trending lower than estimated. An analysis has not been done to determine reliability of the numbers.

With regard to the two police officer vacancies, Mr. Slocum asked about holding on both positions and hiring only one officer.

Mr. Milone said he would be cautious, and exclusive of State revenue, the town is back to healthy revenue projections. Tax collections should exceed \$600,000 over what was budgeted. Investment income is trending \$200,000 more than budgeted; and some other grants are running ahead of expectations. There will be a quarterly report for the November 14th Council meeting. For the first five months of the fiscal year, money was not spent, and it is hoped to have a few hundred thousand dollars in potential savings, and not spent going forward. Mr. Milone stated the town wants to provide the level of services the Council supported in the budget, and will do so with caution and care. He noted there are some other things that can be frozen, if necessary, including projects such as Ameresco project at \$350,000, and there has not been a commitment of \$850,000 CNR funds. Mr. Milone is leaving safety nets everywhere.

Mr. Bowman requested a list of open positions throughout the town government be given to the Council. He asked if there can be numbers from each town department on revenue, how many residents participate in their programs (i.e. Parks and Rec, Library). This would enable the Council to put an analysis together on the use of various town

programs and their value. From his perspective, Mr. Bowman stated the town is nowhere near having business as usual, and he still has concerns about the future of the economy. If positions are ramped up, he questions how they could be called back later in the fiscal year.

In response, Mr. Milone realizes and respects this, and will need dialogue with the Council, work through everything, so he does not overstep Council expectations. Mr. Milone commented on freezing everything going forward, and then generating a \$2.5M surplus. Over his years as Town Manager, he has demonstrated fiscal prudence, and said he would not expose the Town to fiscal calamity. He noted the Parks programs are being looked at, as there are sometimes programs with more supervisors than attendees. Everything will be critical as next year's budget is developed, and Mr. Milone said there will be major changes to program structure without jeopardizing the programs.

Ms. Flynn-Harris cited her concern about going forward with hiring two police officers, and said there should be discussion with the Police Chief about increase in overtime incurred without these positions filled. Going forward, she said maybe one officer could be hired.

There are things that could happen with cause and effect that others are not aware of, and in that regard, Mr. Milone said there may be a CPD retirement within the next few months. He would want that factored into the decision, have someone ready to go for training, and this information will be shared with the Council.

Mr. Ruocco asked for a list of the frozen positions and other frozen items to be given to the Council.

Mr. Milone advised a list of vacant positions was given to the Council about a month ago, along with a list of what would be frozen, eliminated, or modified. No action was taken on this information.

Concerns about moving forward were cited by Mr. Ruocco, who said the town should not gear up until the Council sees this list. He has no concerns about a surplus at year's end.

Chairman Oris stated he does not believe the fiscal woes are behind us yet, and there is an opportunity to find more efficiency in the town departments, without gutting services. We must look at open positions and whether they should be filled, and Mr. Oris does not support the Town Manager rehiring for all open positions.

With regard to open positions, Mr. Milone will look at this carefully, and was not planning to hire for all positions.

According to Mr. Oris the Council and staff must be cautious, be in agreement on hiring so there are no future layoffs. He said there are fiscal concerns still out there; it is time to be efficient; he does not favor cutting services; and open positions do not necessarily equate to services for the community. Chairman Oris wants the Council to have input on hiring, and he is not comfortable going back to business as usual.

Stating he was not going back to business as usual, Mr. Milone is talking about being judicious in some areas, and he will follow the Council's guidance.

Chairman Oris commented on the Council having confidence in Town Manager Milone, and the need to have a hard look at some areas of town business.

In looking at the ECS at +\$3M, Mr. Oris asked what this does on the government side.

The Council was informed by Mr. Milone that the State went back and restored the ECS grant in the original intent. The Governor bifurcated ECS and created a portion of special ed from that...he took the original aggregated amount and put it into two programs. The Legislature aggregated two programs into one ECS grant. The funding went from \$8.9M to \$9.3M; municipal aid is all over the place; this year the budget is \$47,000 more, and next year it is \$375,000 less.

Legislative Changes – CCM put together detailed information which is in the Council packet.

MV tax – tax cap will be 39 mills in FY'18, and 45 mills in FY'19.

Teachers' Retirement Fund contribution – no mandate for this payment.

Arbitration – fund balance has been looked at for ability to pay; Cheshire wanted 15% of the totality of fund balance excluded from consideration; this legislation says only 15% of the totality of fund balance will be ignored; i.e. \$10M fund balance, 15% = \$1.5M exclusion.

Binding Arbitration – this affects “last best offers”; union goes in at 6%; town at 3%; the arbitrator can take any amount regardless of last best offer; this is a significant change.

BOE and Town purchasing – joint purchasing has been ongoing in Cheshire for many years.

Allows for \$518M in new construction grants.

Allows municipalities to amend adopted budgets, adjust tax levies, to reflect accurate State aid projections – the State is building a safeguard if the State short changes municipalities.

Mr. Slocum talked about the State wanting to set up a fiscal review board for municipalities.

It was explained by Mr. Milone that this would be for distressed municipalities which have been identified. He does not believe Cheshire is at a level to be part of a review board.

Mr. Talbot asked about the municipal and district health departments and it will have an effect Chesprocott.

At this time, Mr. Milone has not heard from Director Esposito, but he will get an answer. He commented on last year's plan to consolidate health districts, and the huge cost to Cheshire if this were to be done. He believes it is off the table for now.

Renters Rebate Program – Ms. Talbot explained the program is reduced by \$14.6M in FY '18 and \$13.6M in FY'19. Cheshire received 126 applications for rebate; they go through OPM; \$500-\$700 is distributed by OPM each year; the payment and administrative costs are being passed onto the town, at a cost of about \$63,000 next year. Last year the State reduced these payments based on revenue, but will not allow municipalities to do so.

Mr. Milone these costs are put back onto the towns, with people calling Human Services Department, looking for rebate checks. The town does not have a funding source; does not know how much to disperse to each applicant; but the State wants towns to take over this program as an unfunded mandate.

Prevailing Wage Increase – New projects thresholds increased from \$400,000 to \$1M; refurbishing, rehabilitation and alteration projects will not be subject to prevailing wage if the total cost of work is less than \$100,000.

Workers Comp Insurance – this insurance program is coordinated between the Town and BOE.

Mr. Masciana informed the Council that the Town and BOE both use the MUNIS software system for payroll.

State Medicaid School Based Child Health Program - Mr. Masciana stated the BOE has been looking at this requirement which must be met by December 1st. Cheshire's BOE has not been filing Medicaid plans; is not a Medicaid provider; and has been talking to vendors who provide this service. One vendor charges a percentage of the Medicaid claims, and the other provides software and BOE handles claims. There will be a decision by the BOE within the next 10 days. Mr. Masciana said this is a "big deal", but there may be more revenue coming forward. For Medicaid payments, 50%

of the billed amount goes to the federal government; 50% is paid to the State, with the town getting 25% of this amount.

Mr. Talbot noted that by turning this program over to an outside vendor, and asked if staff would still have to manage the program...or will it become an administrative nightmare.

There will be some additional staff work, and Mr. Masciana said existing staff would handle the work. He explained that one vendor provides the full service, with 11% of the reimbursement paid to this vendor. The second vendor requires staff to do the same amount of work, file claims...both models will be reviewed and a decision made.

Ms. Flynn-Harris asked if there is any change in minimum funding requirements.

This is MBR, and Mr. Masciana said it expires June 30, 2018, but it was extended.

Teachers Retirement Fund (TRF) – no mandated contribution; this fund is for certified staff (teachers, administrators) who contribute to the retirement fund. There is a 1% increase in contribution effective January 1, 2018, which will help to increase the fund.

The \$518M in new construction is consistent with prior year grants.

For the ECS funding increase, Mr. Slocum asked if there are any restrictions on this funding.

In reply, Mr. Masciana said “not this year”. The \$8.6M comes in as revenue; the formula for next year is changing; and BOE awaits details on this change.

Mr. Masciana talked about the Governor cutting out the Excess Cost Grant, and it now being back along with Excess Cost Grant and ECS. The Excess Cost Grant is based on actual costs, and it depends on the number of students over the \$75,000. The State only funds 70% of the overage.

For the TRF, Supt. Solan explained that participants pay 6% to the retirement fund and ¼% to the health fund. This increases by 1% to 7% for retirement, and 1% increase to 1.25% for the health portion. Supt. Solan said the fund is about \$200M, and he will get the actual numbers from the State Teacher Retirement Board for the Council.

Mr. Milone informed the Council that all meetings will have an agenda item related to the budget, funds to be set aside to protect the expenditure side of the budget, program revisions, i.e. Sunday Library hours delayed to November 19th.

Mr. Talbot is in favor of seeing the Library Sunday hours going forward, but wants a consensus of the full Council on all items.

Regarding the Sunday Library hours, Mr. Milone has told Director Burkey to delay this two weeks and start on November 19th. If the Council does not approve this plan, the Sunday hours program can be shortened.

4. RECAP AND DISCUSSIONS RE: Fiscal Year 2017-2018 Five-Year Capital Expenditure Plan and Annual Capital Expenditure Plan.

Capital Budget – Follow Up Issues – Mr. Milone had the complete list of issues for Council review and discussion.

G – Revised debt schedule – the debt schedule did not include possibility of the cost of a new middle school. Debt factors and reserves do not include the middle school project.

Summary of Referendum and Non-Referendum Items

#17 – CHS Window Replacement \$250,000 was changed to a referendum item.

#6 – Infrastructure Improvements to I-C zone, \$1.35 M was not approved at referendum.

At this time, approved referendum projects total \$3,913,000.

I-C Zone project – Mr. Milone informed the Council there was a productive meeting (two months ago) with RWA (Mr. Milone, Mr. Sitko and Mr. Gancarz). RWA was supportive of a partnership with the town if the project was approved. Mr. Milone wants to discuss the matter with Council with its approval to proceed with further discussions with RWA. There has been a willingness from RWA to continue to talk about a partnership on this initiative. Mr. Milone wants Council approval and comfort to move forward with discussions on possible RWA offers to help with the financial burden, after town payment of \$400,000 (referendum limit).

Chairman Oris stated his support of town staff discussions with RWA about the economic development opportunities. He noted there is no commitment to anything.

It was the consensus of Council members to authorize and approve Town Manager Milone and Town staff to continue discussions with RWA on the I-C zone initiative.

Non-Referendum List – Mr. Milone reviewed this list of projects with changes.

#5 – Parking Area for Linear Trail (near West Main St.) - \$400,000; STEAP grant of \$500,00 was not awarded to Cheshire.

#10 – PW Trucks and Plows – reduced to \$400,000.

#14 – PW Sludge Truck – this truck was repaired and moved off the list.

#17 – CHS Window Replacement became a referendum item.

#20 – Paving \$200,000; was reduced to \$125,000 for paving of Doolittle School only.

Total proposed appropriations (non-referendum list) - \$3,04,000; total bonded projects - \$2,375,000.

Total Referendum and Non-Referendum Items – Appropriation - \$7,052,000;
Bonded Amount - \$6,363,000.

Recreation Department – a letter was received from Mr. Matt Levine (Pool Supporters Group) stating the group is still interested in providing funding for “touch pads” at a cost of about \$40,000. Pool Bleachers are still an item of interest for the pool to host swim competitions.

Ice Rink – Mr. Milone informed the Council that the rink that was ordered and received last year is too large for the surface at the Youth Center location, due to the side boards and equipment to hold the rink in place not being calculated in the size. Arrangements are being made to find a new location for the ice rink; the tennis courts are being looked at, but there are concerns about the weight of the rink on the court surface; and temporary lights could be used to light the rink area.

PW Director Noewatne explained the staff is looking into ways to reduce the size of the rink, and the liner would have to be replaced.

Chairman Oris questioned how this happened. He commented on the town spending \$10,000 for the ice rink for installation at a site that can no longer be used.

Technology Reserve - \$150,000 requested; this is an item that can be further reviewed.

STEAP Grant \$500,000 – status is unknown at this time; this was funding for the West Main Street parking lot; the entire STEAP program may be defunded; there is \$400,000 for this project.

Drone Utilization/Open Space – there is a consulting company that uses drones for monitoring open space, and checking on use of the properties. Currently, CPD, Parks and PW Departments monitor open space. There needs to be a better understanding of what is happening in some parks and open space, and look at foresting/harvesting initiative.

Open Space Forest Harvesting – Town departments (Environment, Engineering, Town Planner) believe there is a benefit to utilizing drones for open space monitoring, updated

aerials of open space. There is potential for harvesting to be discussed with firms that do this work, and this will tie into open space management.

Regarding drone utilization, Mr. Bowman said he does not see the value of this for determination of certified forest land. There needs to be an ordinance on use of drones, particularly over parks and schools (where children are located) when there is nothing in place for this use. Mr. Bowman said there should be a stewardship plan for all forest land in Cheshire.

The drone utilization would only be for recreational use/open space, and Mr. Milone said it is a long way from happening. It does not have to be part of the harvesting initiative.

Public Works – will be coming back to the Council with information on the cost benefit analysis on the tandem truck and other truck; sub-contracting snow removal; CHS pedestrian bridge from back of the school to Linear Trail with funds from the sidewalk allocation; information on rolling stock; automated trash collection with renewal of contract with A.J. Waste in June 2019; funding (about \$450,000 - \$500,000) for automated trash containers; PMI road repavement report; revisiting sidewalk appropriation; energy conservation initiatives/solar for buildings. There were other PW items not in the capital budget.

Boulder Knoll Barn – Mr. Noewatne reported that this barn was seriously damaged in the last winter storm season. \$5,000 was spent to repair the roof a few years ago; estimate of \$10,000 to repair the current roof damage; \$15,000 is needed to repair the doors on the front of the barn; there is extensive structural damage/work to be done on this barn.

Chapman Property Farm Stand – Mr. Noewatne informed the Council that this stand is in serious disrepair; there are photographs of the damage; an assessment was done on the building; there is lots of thick black mold, holes in the roof, everything is saturated, sheet rock is falling down, and the basement has standing water with severe damage. Mr. Noewatne noted that to take down the stand there is a cost of \$7,500 including disposal of the building. To preserve what is there has a minimum cost of \$10,000 for a roof.

Ms. Flynn-Harris commented on the Boulder Knoll Barn and the Boulder Knoll people being aware of the situation, and they have discussed the condition of the barn. Without any doors on the structure, no matter what is done, things will happen again. The group can put in a hoop house if the barn is taken down, and they use the barn only for storage.

Utilization of C.N.R. Fund – Mr. Milone reported he and Mr. Jaskot are going through some projects to close out and free up funds.

Debt Schedule – Mr. Milone said not much has changed. He wanted Council to know the planned use of reserves.

CCI Lawsuit – Mr. Milone informed the Council that November 15th is the date for the legal ruling from the Judge on the case.

Town Council Meetings –

Tuesday, November 14th, Regular Council Meeting;
Wednesday, November 15th, 5:30 p.m. Room 115; Personnel Meeting, Executive Session (with dinner in employee lounge);
Thursday, November 16th; Town Council and Budget Committee Special Meeting, 7:00 p.m.

Mr. Bowman asked Mr. Milone to look into video coverage (installation of cameras) for Council meetings in Room 207, and noted the importance of the public having the opportunity to view these meetings. He also suggested using Council Chambers for meetings of Council committees and special meetings, when it is not in use by another board or commission.

Town Manager Milone agreed to look into getting video coverage of all Council meetings. He suggested using Council Chambers, setting up tables and chairs on the floor area, with video coverage of meetings.

5. ADJOURNMENT

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

MOVED to adjourn the meeting at 8:40 p.m.

VOTE The motion passed unanimously by those present.

Attest:

Marilyn W. Milton, Clerk