

**MINUTES OF THE SPECIAL CHESHIRE TOWN COUNCIL MEETING AND BUDGET COMMITTEE MEETING HELD ON MONDAY, NOVEMBER 20, 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; Jeffrey Falk, Patti Flynn-Harris, Sylvia Nichols, Thomas Ruocco, Timothy Slocum, Peter Talbot.

Absent: Michael Ecke Also Present – David Veleber

Staff: Michael A. Milone, Town Manager; James Jaskot, Finance Director; Assistant Town Manager Arnett Talbot; Vincent Masciana, COO, Dept. of Education

**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. ADOPTION OF FISCAL YEAR 2017-2018 FIVE-YEAR CAPITAL EXPENDITURE PLAN AND ANNUAL CAPITAL EXPENDITURE BUDGET**

Mr. Milone informed the Council that the State has further reduced the Town of Cheshire revenue by +\$900,000. This gets the budget to a negative revenue change of -\$600,000.

Information was distributed to the Council on the FY 2017-2018 capital expenditure plan and the five-year plan.

A – Summary of Referendum and Non-Referendum Projects

Approved Referendum Projects - \$3,913,000

B – Summary of the Resolutions to be approved by the Town Council (items 1 to 24).

This is the summary of resolutions to be approved by the Council in order to adopt the FY 2017-2018 capital expenditure budget. A project cited in red indicates a project not approved at referendum, or a project the Council has decided to not advance to appropriation.

C – Details of each individual project.

Summary

#7 – Technology Project – \$250,000; no change made

#1 – Vehicle/Equipment Replacement Fund – was at \$181,000; lawnmower in the Parks and Recreation Budget was removed from the budget; the project drops to \$122,000 for the four Cheshire Police Department vehicles – 2 marked and 2 unmarked cars.

#2 – Various Town Buildings – \$200,000; no change.

#8 – Roof Replacement at Library, Fire Headquarters - \$185,000.

#9 – Parking Area for Linear Trail - \$400,000; unlikely Town will get the \$500,000 STEAP grant.

#3 – Firefighting Equipment and Protective Clothing - \$140,000.

#4 – Tree Removal and Replacement - \$150,000.

As a result of the information from the State received on Friday, November 16<sup>th</sup>, Mr. Milone and Mr. Jaskot decided to not commit as many of these projects to C.N.R. funding as originally intended. There will be holding back some C.N.R. funds as another safety net in case there are other revenue reductions. Mr. Milone said the recommendation is to bond these two projects (3 and 4). This frees up \$290,000 in C.N.R., freezing up \$368,448 in C.N.R.

With regard to #4, Tree Removal and Replacement, Mr. Slocum said he does not agree with bonding this project, as there is more tree removal than replacement.

Mr. Talbot also questioned bonding tree removal and replacement projects, and asked for the amounts for both.

Mr. Milone said this amount varies from year to year, and there is more cutting than replacement.

Mr. Talbot asked about #7, and freeing up money going into C.N.R.

Stating he was talking about vehicles, it was explained by Mr. Milone that there was \$189,000 appropriated; by taking out the \$67,000, this money goes back into C.N.R. for firefighting equipment and tree removal. There is nothing out of the Technology fund, and there will be \$100,000 from C.N.R. for Technology reserve.

Mr. Ruocco commented on firefighting equipment item, and asked if it could come out of the gift account.

Mr. Milone reported that gift account money has been committed for the equipment for the new fire truck, and money has been expended for maintenance and training.

Mr. Bowman stated his support for the firefighting equipment and clothing.

The Council was told by Mr. Milone that the firefighting equipment and clothing is the coat, pants, helmets, air packets...and total cost to equip and out a firefighter is about \$5,000 to \$6,000.

#12 – Public Works Tandem Dump Truck and Plow - \$223,000; was originally \$442,000; the dump truck costing \$219,000 was removed.

#13 – Public Works Vehicle (non-dump truck) and Equipment - \$385,000.

Item #13 was discussed by the Council. Given the revenue reduction from the State, Mr. Oris questioned if both trucks are needed. The Backhoe is \$385,000, and he questioned if two dump trucks are needed. Once winter use is over, Mr. Oris said use of these trucks goes down dramatically, and he could be convinced to have no new trucks this year.

This Tandem truck is very versatile and Mr. Milone said it can be used year-round.

The Council was reminded by Mr. Slocum that PW Director Noewatne said he would want the Tandem truck over the other trucks.

Mr. Oris would support the Backhoe because the Town is spending over \$30,000 for outside services. For the same amount or less there can be amortization of the full cost of the \$385,000. The annual cost effect to the Town is the same with a better product having its own Backhoe. Mr. Oris said that missing a year without a new dump truck will not affect the Town.

Last year, Mr. Milone said Public Works had one truck deferred, and this year another truck is being deferred. The Tandem truck has more use, and is more versatile for another \$25,000.

Stating that Public Works does a great job, Mr. Oris said the Town's equipment is more modern compared to garages of other towns. He noted the budget was up \$300,000 last week, and this week the Town is down \$600,000. This says there is no real confidence in what the State is doing, and there can be more changes. The savings is \$225,000 for the taxpayers.

With amortization over 20 years with the first payment made in three years, Mr. Milone said there will be no savings until the truck is bonded in February.

Mr. Bowman asked if there had been verification for contracting outside services at \$195 per hour.

Mr. Milone informed the Council this has not been verified yet.

A question was asked by Ms. Nichols about the effect of services in Town if one truck is out of service.

According to Mr. Bowman we must look at a host of services, not just plowing. He knows vendors who handle these services, and it could be more cost effective. Mr. Bowman noted the new truck will not be in Town this winter.

Ms. Flynn-Harris stated that Mr. Noewatne can be directed from the Council to look at outside services.

Mr. Milone will have the list of programs, costs, and benefits to the Council in a few months.

Mr. Falk said the Tandem truck was more about efficiencies rather than just savings. Putting this truck off for another year will be minor.

The issue of how money is saved with the Tandem truck, i.e. picking up and delivering salt and sand was questioned by Mr. Oris.

This truck helps on the longer routes with snow plowing, and Mr. Milone does not know the full efficiencies to be gained.

Mr. Oris stated the Council must have more discussion about effectively using taxpayer dollars, look at doing things in different ways, providing more level of services in a more efficient and cost effective manner.

The Council members further discussed the Tandem truck and their decision on leaving or taking it out of the capital budget. Mr. Slocum, Ms. Nichols, Ms. Flynn-Harris supported keeping the truck in the budget; Mr. Oris, Mr. Falk, Mr. Talbot, Mr. Ruocco and Mr. Bowman supported removal of the truck from the budget. The consensus of the Council was 5 in favor of removing the truck from the budget and 3 in support of including the truck. Mr. Talbot said he would be in favor of three cars for CPD this year.

The \$223,000 for the Tandem Truck was removed from the capital budget.

#17 – Restroom Upgrades at Quinnipiac Park and Lock 12 - \$180,000; no change.

#21 – Paving of Driveways and Parking Lots at Doolittle School - \$125,000; no change.

#6 – BOE Building Maintenance-Districtwide Projects - \$110,000; no change.

#22 – HVAC and Boiler Replacement and Repairs/Highland and Chapman - \$150,000; no change

#23 – Technology Reserve Fund - \$100,000 (added) for equipment replacement; funded out of C.N.R.

#24 – Community Pool Bleacher and Touchpads - \$100,000; \$40,000 donation from Sea Dog Swim Team; net cost to the Town \$60,000.

Mr. Milone commented on the following items taken out of the capital budget.

Chapman Property - \$100,000 for capital planning; \$134,000 is in the capital budget.  
BOE Athletic Storage Structure - \$100,000 removed from the capital budget.

Before this meeting, Mr. Milone said the FY 2017-2018 capital budget total was \$2,251,000 less than what the Town Manager proposed.

Sidewalks – The sidewalk program has been discussed by the Council, but it was not supported in this year's budget. There is \$200,000 in one of the capital accounts for projects that have been done or will be done next spring. Mr. Milone will get information on all the projects being closed out. It is expected there will be at least \$900,000 close out from the West Johnson Avenue Pump Station. There should be \$1.3M to \$1.4M to be eliminated or reduced. The Council can revisit funding some projects.

Mr. Oris cited his concern about some short sidewalk gaps, which are safety issues. In light of the new information from the State he does not support putting any money into sidewalks. He would consider re-using the \$100,000 allocated for Lanyon Drive for more pressing safety issues.

Mr. Milone will be coming back with a list of de-authorizations for Council review.

#### D – C.N.R. Summary

Page 2 - This summary represents all the funding sources (C.N.R./bonding/grants/gifts). In 2018 there are four projects totaling \$532,000. Projected C.N.R. appropriation balance - \$368,448.

Mr. Slocum said the tree removal and replacement project should not be bonded.

Mr. Oris agreed with Mr. Slocum.

Mr. Milone looked at the following projects: \$200,000 Town Buildings; \$110,000 BOE Maintenance; total \$310,000; use \$150,000 for the tree project; \$160,000 balance.

Mr. Masciana stated BOE has \$185,000 in the BOE emergency fund; the \$110,000 could be reduced to \$65,000; and BOE would be comfortable with \$250,000 fund.

Technology Reserve fund cannot be bonded as it would have to go to referendum due to a series of appropriations that exceed \$400,000 limit.

Mr. Oris recommended bonding the CPD cars, thus freeing up \$122,000 +\$45,000 freed up from BOE = total \$167,000; use \$150,000 for the tree project; add \$17,000 into C.N.R.

Mr. Milone summarized the changes:

#6 – BOE Maintenance – changed to \$65,000 (from \$110,000).

#1 – Vehicle Replacement Fund \$122,000 will be bonded;

#4 – Tree Removal and Replacement - \$150,000 from C.N.R.

This totals \$167,000; \$150,000 will be used for tree removal and replacement.

B – Items 1 through 24 – Mr. Milone read them into the record with the changes made by the Council. A copy of the information is attached to these minutes.

#1 – Vehicle Replacement, \$122,000; will be bonded.

#4 – Tree Removal and Replacement, \$150,000 will be a C.N.R. project.

#6 – BOE Maintenance Fund – changed to \$65,000.

#12 – Tandem Truck (denied) \$0 – removed from the capital budget.

Total proposed appropriation funding - \$2,552,000.

Total bonded projects - \$2,037,000.

MOTION by Mr. Slocum; seconded by Ms. Flynn-Harris.

#### RESOLUTION #112017-1

BE IT RESOLVED, that the Town Council approves Resolution #112017-1 for the FY 2017-2018 Capital Expenditure Budget, as read into the record of the meeting.

(Copy of the resolution is attached to the minutes).

VOTE        The motion passed unanimously by those present.

#### F – Five Year Capital Plan

Mr. Milone said there are no changes in years 3, 4 and 5 of the CEP.

FY 2017-2018 total was \$6,733,000 in projects; the number is now \$6,465,000; this was reduction of \$2.5M from the Town Manager's proposed budget. The net is now

\$5,095,000, or \$1.6M less than what was proposed by the Town Manager. The overall budget was cut by \$2.5M; the net was cut by \$1.6M.

The changes will be made on the identified projects.

In Year #2, Mr. Milone noted the PW Department increases by \$495,000 for the automated trash collection, increasing the total to \$3.1M.

E – Five Year Omnibus CEP Resolution.

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

RESOLUTION #1120917-2

BE IT RESOLVED, That the Town Council adopts the Five Year Omnibus Capital Expenditure Plan for Fiscal Years 2017-2018 through 2021-2022, in accordance with the recommendation of the Town Council Budget Committee.

VOTE           The motion passed unanimously by those present.

Credit Rating Town of Cheshire

Mr. Milone distributed a handout, and reviewed the projected debt service and proposed \$45M Middle school information.

Page 33 of the CEP Book – shows the debt service as a percentage of the projected General Fund. Mr. Milone said we do not want to exceed 10%. In 2027 debt service would be 10.18%. In the handout, he took the 10 year projected long term debt service (numbers on page 33). In the near term it is likely a middle school will be necessary and have to be bonded, and the assumption of \$45M was made. 90% of the project would be eligible, at 46.3% reimbursement rate, and this debt service is reflected starting in 2020 out to 2027. This gives a new gross debt number, divided by projected 2.5% increase over next 8 years, the percentages are shown on the handout, and at 2023 the percentage would be 10.11%.

Mr. Milone said this would not result in a credit rating downgrade for the Town as long as other financials continue to be firm, there is a strong fund balance, tax collections continue to be extremely high, and prudent decisions continue to be made.

Mr. Jaskot stated he has used a 4% interest rate in the numbers, but the Town has been borrowing at 2.6%.

**4.     ADJOURNMENT**

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

MOVED to adjourn the special meeting at 8:20 p.m.

VOTE           The motion passed unanimously by those present.

Attest:

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Marilyn W. Milton, Clerk