

MINUTES OF THE CHESHIRE TOWN COUNCIL SPECIAL MEETING AND BUDGET COMMITTEE MEETING HELD ON TUESDAY, AUGUST 23, 2011 IN ROOM 207, TOWN HALL, 84 SOUTH MAIN STREET, CHESHIRE CT 06410

Present

Budget Committee Chairman David Schrumm; Committee Members Michael Ecke and Thomas Ruocco. Council Members: Tim Slocum (Chairman), Patti Flynn-Harris, Sylvia Nichols,

Absent: Andrew Falvey and Steve Carroll.

Staff: Michael A. Milone, Town Manager; James Jaskot, Finance Director; Vincent Masciana, Director of Management Services, DOE

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.

3. DISCUSSIONS RE: FISCAL YEAR 2011-2012 FIVE YEAR CAPITAL EXPENDITURE PLAN AND ANNUAL CAPITAL EXPENDITURE BUDGET.

A copy of the CEP summary and department plans was distributed to the Council.

Mr. Milone pointed out that the numbers have been changed per discussions with the Council. On the summary page #1, the offsets are listed, and have not yet been changed, but pending changes in projects, these numbers could be changed. The packet to the Council for the August 29<sup>th</sup> meeting will have accurate numbers.

Page 2

GIS - \$165,000 in left in for FY 11-12.

Capital Planning Account – changed to \$250,000 in FY 11-02; \$110,000 in FY 12-13 and \$110,000 in FY 15-16.

Mr. Schrumm stated that this planning money will provide getting a better handle on the Linear Trail. The \$2.5 million, a referendum item, for the Linear Trail project was deferred.

Mr. Ecke asked whether a private group of interested citizens could be formed to raise the \$50,000 rather than put it in the capital budget for the Linear Trail planning.

Mr. Milone informed the Council that there is about \$150,000 in the Planning Account. He received an estimate from Milone & MacBroom on what it would cost to design the Trail. The costs would be \$30,000 for the survey; \$220,000 and \$250,000 for the design; \$30,000 to \$40,000 for permitting; and another \$20,000 for test borings etc.

Mr. Ecke said it is clear this project is not ready for the capital budget.

The Council was informed by Mr. Milone that design budgets have been worked up for the Farmington Canal Trail, the design for West Main Street to Jarvis Street, for Council review. The project will be reviewed by CONDAT under their standard protocol, which is rigorous, and goes through four phases of design, and other requirements.

Mr. Milone noted that there was discussion with the Council about saving some of the planning money to do the energy audit at \$48,000.

The recommendation to use \$200,000 for the Linear Trail design was made by Mr. Schrumm. There would be an RFP for the design work. He said there would be discussion with the State as they are doing Cornwall to West Main, and Jarvis to the Southington Town Line, including the design. If the money from the planning account is not used for the Trail, it would be used for other planning issues. Mr. Milone will go back and check on the previous appropriation, and if its over \$150,000, this design project would have to go to referendum. Then, the referendum would have to be specific to the Trail.

Revaluation - \$663,000 was in the CEP for this project. Mr. Milone stated that an RFP was done by the Assessor's Office. Mr. Panagrosso is interviewing two firms. It is estimated, by Mr. Milone, that there could be savings of about \$250,000 for the revaluation project. He will review the options with Mr. Panagrosso and inform the Council. The \$663,000 number will be reduced, but at this time it is uncertain by how much, depending on the firm selected to do the revaluation.

Technology Reserve Fund - \$350,000 in FY 11-12. Once the study is done, Mr. Schrumm said more information will be known about future costs of technology. Years 2 through 5 of the CEP will remain the same for now and will be reviewed next year.

#### Page 3

Vehicle/Equipment Replacement Fund - \$245,000 in FY 11-12. The remaining years of the CEP will be left as stated pending review next year.

#### Page 4

Town Building Improvement Projects - \$200,000 in FY 11-12; \$150,000 in FY 13-14.

Town Hall Brick Pavers - \$180,000 in FY 11-12.

#### Page 5

Planning-Land Acquisition – no changes.

#### Page 6

Firefighting Equipment - \$120,000 FY 11-12

Replace 1980 Pumping Engine #3 - \$550,000 in FY 13-14.

Installation of Water Mains - \$350,000, FY 12-13.

North End Fire Station – moved out to year #6.

Replacement of 1970 Snorkel Aerial Apparatus – removed from CEP.

Replace 1992 Pumping Engine #4 - \$550,000 in FY 15-16.

Page 7

Sidewalk Program - \$200,000 in FY 12-13.

Public Works Dump Truck - \$150,000 FY 11-12.

Mr. Milone said the only change on this page is the dump truck. The Council recommended the smaller dump truck be acquired for \$150,000 rather than the \$200,000.

All other projects on this page are unchanged.

Regarding the two bridge projects listed on page 7, Mr. Schrumm said they will not as much money as stated. Next year the numbers can be refined with an estimate from the engineering consultant.

Road Repavement - \$1.5 million in each year of the CEP.

Toters for Recycling Collection - \$540,000 in FY 12-13.

Ms. Flynn-Harris recommended bringing in some of the toters into the first year of the CEP, and be ahead of the game for single stream recycling.

In response, Mr. Milone said he did not resist the idea of putting this item off for another year. This would provide the opportunity to see the results of other towns in the region going to single stream. The key part is how much we can assume to be taken out of the waste stream and transfer to recycling. There are industry numbers of 10% to 20%, and Meriden has stated they are approaching 30%. Mr. Milone cannot state numbers with a high degree of confidence, and hopes to have better numbers by next year.

There are concerns about being able to go with smaller toters for senior citizens. Mr. Milone spoke with A.J. who informed him he wants to reconsider buying the toters, and not have the Town buy them. He told A.J. that if that happens the cost to the Town will have to be less than it is today. A.J. would have to absorb \$500,000, and provide the Town with a contract that is lower than what is now paid. This is why the Town is going the capital appropriation route. A.J. said he would rework the numbers and see if this can be done. If, in fact, A.J. Waste can buy the toters, it takes the problem off of the

Town. The cost would have to be spread out 7 or 8 years, and A.J. would want a much more extended contract than has been discussed.

At this time, Mr. Milone said he is uncertain if he and Mr. Michaelangelo are comfortable enough to proceed with the program. Single stream is a great program that saves money. Before anything is done, the toters must be brought in so the Planning Committee can look at them. The vendor must pay for these toters and explain the single stream program.

Page 8

WPCD Plant Upgrade - \$30 million in FY 11-12. There are no other changes on this page.

Page 9

RFID - \$130,000 in FY 11-12.

Mr. Milone advised that the lease option was looked into and it is \$30,000 to \$40,000 a year, and would save money. The concern is finding this money every year for the next three years in the operating budget. This option has been reviewed with the Library Director, and it is not the best course of action to follow. It is better to bid this project.

Page 10

Extension of the Linear Trail - \$2.5 million has been moved out to FY 12-13.

Mr. Schrumm stated that people are not comfortable with this number, and the project should be moved out one year.

Mr. Milone noted that the State offered to do the design on the other two sections of the Trail, and did not offer to do this section because they wanted the Town to do it.

By starting the process now, Mr. Schrumm said the Town might get the 80% grant. If the design work is started now and we get the 80% grant, and the number is too high, there may not be enough extra Town money to put into this project. The other thing could be taking the \$190,000 for repaving the existing trail and putting that back into FY 11-12.

Repaving the Existing Linear Trail - \$190,000 in FY 11-12.

Mr. Milone is unsure if this project can be done by the winter, and he believes it would a spring 2012 project.

Page 13

Education Code Compliance - \$50,000 in FY 12-13; everything stays the same years 3 through 5.

Humiston Project – stays the same.

Mr. Masciana commented on the \$76,000 for the Civil Rights Compliance reduced to \$50,000. This number will enable the BOE to do the girls' softball dugouts. There have been complaints voiced about the girls not having dugouts. Doing this project will solve some of the Title IX issues identified, and it puts some equality out there. These dugouts will be handicapped accessible. This would show the State a commitment from the Town Council to make some of the improvements.

The \$50,000 can be reduced to \$43,000 because The Friends of Softball are willing to put \$7,000 into this project. Mr. Masciana's recommendation is to do this project, both as a school district and a town, and it does address some of the potential issues with the State.

Ms. Flynn-Harris stated her support of this CEP request. She commented on some of the civil rights compliance issues as being minor, and some being major. This is gender equity as well as ADA and civil rights compliance. It is important to go forward with this plan, and start this process.

This project can be set at \$50,000, and Mr. Milone explained that the \$7,000 can be a grant offset. The total appropriation is required to sign the contract for the project.

Page 13

District Roof Maintenance to replace EPDM Seams - \$125,000 in FY 11-12.

Page 14

HVAC Replacement and Repairs at Highland School and Cheshire High School – \$120,000 in FY 11-12.

Mr. Masciana reported that Highland School is on its last legs, and this roof must be replaced and repaired before winter sets in.

District Wide Repaving - \$250,000 in FY 12-13, and through years 3 through 5 of the CEP.

District Wide Flooring - \$270,000 in FY 11-12; \$280,000 in FY 13-14.

District Wide 21<sup>st</sup> Century Classroom/Technology Investment - \$125,000 in FY 11-12, and years 2 and 3 of the CEP.

Cafeteria renovations at Highland School and Cheshire High School - \$200,000 in FY 12-13.

Mr. Masciana will provide the Council with firm pricing and recommendations to be reviewed for next year's CEP.

District Wide Chimney and Masonry Repairs - \$110,000 in FY 13-14.

Page 15

CHS Utility Tunnel Permanent Solutions - \$340,000 in FY 11-12; \$500,000 in FY 12-13; \$250,000 in FY 13-14.

Mr. Masciana reported that the wrap has been taken off the pipes, and this was \$82,000 paid out of the operating budget. There was reimbursement out of the BOE CNR fund for this work. Many things have been done over the summer with this project, all paid out of the operating budget. It is hoped that there will be cleaner air with the start of the new school year. If the heating system is replaced at the high school, Mr. Masciana advised that these pipes will be taken out of the heating tunnels. The pipes will have to be re-wrapped with something so there is no overheating in the classrooms with steam running through the pipes.

Replenish CNR Funding for Building Maintenance - \$150,000 in FY 11-12.

For use of these funds there must be a resolution passed and approved by the BOE and Town Council.

Video Systems for school buses is in year #6. Expansion to the bus depot might be done by the bus contractor.

Page 4 – Mr. Milone noted that for Various Town Buildings Improvements, the \$150,000 should be cited for FY 15-16.

Mr. Milone said that the recommendation of the Council is to take the ladder truck out and reduce one PW vehicle. He supports his recommendations on these two items, and will send the Council an e-mail on why he considers these two items to be important to put them in an out year of the CEP.

There are modifications to the first year of the CEP. The only open item is the revaluation and the open question is how much more it will be reduced. Another change will be redistribution of the grant and gift distributions as they impact the net numbers. Mr. Milone will work to provide the updated information to the Council by Thursday, August 25<sup>th</sup>.

The two items for referendum are the Waste Water Treatment Plant Upgrade at \$30 million and the \$1.5 million for the road repavement projects.

DEBT ANALYSIS

The Council had discussed utilization of money in the debt service reserve fund. The debt service this year is \$8.9 million, and is expected to be at \$8.3 million next year. Mr. Milone distributed copies of three debt service reserve analyses.

Analysis #1

Column (2) is what the appropriation would be if debt service was held constant, using all the reserve money to keep it constant. The debt service reserve account balance is

\$4,335,012. Using this money until it was depleted would have debt service staying constant until 2015.

Column (3) is the actual expected debt expenses. \$8.3 million would be budgeted; only the reserve balance would be used; and in year 2014 the Town would need \$939,000 from the reserve account to keep debt at \$8.3 million. In column (5) the balance from the reserve goes to \$3.395 million for 2014. For 2015, the actual debt service (3) goes from \$9,267,427 to \$9,974,293, holding the debt service constant in the budget at \$8.3 million. \$1,645,941 would have to be used from the reserve, leaving a reserve account balance of \$1,749,996. The reserve balance would be used in FY 15-16; debt service increases by \$283,000 to \$10.3 million; \$1,749,996 comes from the reserve account, and the account balance is "0". In FY 2017, the debt service spikes by about \$2.3 million.

Whatever scenario is looked at, Mr. Milone said we must be careful there is no spike in the debt service. Analysis I depletes the debt service reserve account and deals with the increase in 2017.

#### Analysis II

Debt service could be consistent at \$8.9 million. Column (3) shows the debt service for 2013 to be \$8,328 million. Keeping the debt constant, we take \$608,295 which is more than is needed, and it goes into the reserve fund. The reserve is increased to \$4.943 million. Mr. Milone said we start with a higher reserve of \$600,000, and with a higher starting number of \$8.9 million. With the same basic payout of money, the reserve account would be depleted in 2018, before there is an increase in debt service. The spike is not as significant as in Analysis I...it is \$1.592 million.

Mr. Milone said this scenario keeps the debt service constant; gives \$608,000 more in the reserve; and closes the gap between where we are budgeting and where the spike occurs.

It was stated by Mr. Slocum that this becomes part of the mill rate increase in the first year when the reserve starts to be built up. Mr. Slocum there must be a mill rate adjustment to build the reserve up, and start with a general fund appropriation of \$8.936 million.

Mr. Milone stated we are keeping the debt service where it currently is, at \$8.9 million; is really going to \$8.3 million; but we are keeping it at \$8.9 million, using the \$608,000 and putting it in the reserve fund. The spike in the debt service would occur in 2018, and is not as severe as in Analysis I, at \$1.6 million.

Mr. Slocum commented on the debt service being part of the operating budget, paid by taxes to increase this reserve in a given year.

Mr. Milone explained that the Council is appropriating \$608,000 more than it has to, and doing it to smooth out expenses and taxpayer expenses in future years.

Mr. Jaskot said it is transferring a subsidy to the reserve fund.

The projected debt service numbers are off Schedules 2 and 3 which the Council received and reviewed last week. The numbers do not account for the \$5 million in cuts made by the Council at this meeting.

Analysis III

The assumption is a reserve balance of \$4.335 million; it builds on Analysis II to take the projected savings of \$608,000 and put it aside. Column (3) does not change. In 2014, we start increasing the appropriation for debt service by \$150,000. In this analysis the Council is taking incremental increases, borne by the taxpayer. The effect of this is increasing the budget by \$150,000 in 2014 to 2018. In 2019 there would be a spike of \$9.686 million to \$10.439 million in debt service, which is +\$750,000. There is a gradual increase in debt service to reduce the impact of the spike and move the spike out another year.

WWTP Upgrade – the annual impact to the taxpayers was stated. In 2014 it is \$45; in 2015 it is \$101; in 2017 it is \$194.70.

4. ADJOURNMENT

MOTION by Mr. Ruocco; seconded by Mr. Ecke.

MOVED to adjourn at 8:15 p.m.

VOTE The motion passed unanimously by those present.

Attest:

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Marilyn W. Milton, Clerk