

**MINUTES OF THE CHESHIRE TOWN COUNCIL AND BUDGET COMMITTEE
SPECIAL MEETING HELD ON THURSDAY, AUGUST 1, 2019 AT 6:00 P.M. IN
ROOM 207 TOWN HALL, 84 SOUTH MAIN STREET, CHESHIRE CT 06410**

Present

Robert J. Oris, Jr. Chairman; Paul A. Bowman, Vice-Chairman;
Budget Committee: Tim Slocum, Chairman; Jeffrey Falk and Sylvia Nichols
Council Members: Thomas Ruocco, Peter Talbot, David Veleber.
Absent: Patti Flynn-Harris
Staff: Town Manager Sean Kimball; Finance Director James Jaskot

Chairman Oris opened the meeting at 6:02 p.m.

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. CALL FOR PUBLIC HEARING TO CONSIDER BONDING AUTHORIZATION
AND APPROPRIATION FOR THE PARKS RESTROOMS CAPITAL
PROJECTS OF \$142,000.**

MOTION by Mr. Slocum; seconded by Mr. Talbot.

BE IT RESOLVED, that the Town Council approves Resolution #080119-1

RESOLUTION #080119-1

BE IT RESOLVED, that the Town Council calls for a public hearing to consider bonding authorization and appropriation for the Parks restrooms capital projects of \$142,000.

Discussion

Town Manager Kimball stated this matter was introduced to the Council. This is call of the public hearing. A memo was circulated from Mr. Jaskot regarding this matter.

Mr. Jaskot said three (3) accounts are involved for four (4) projects for four (4) different parks. One of the resolutions adopted several years ago was specific for Quinnipiac and Lock 12 parks. The approval is required for four (4) parks – MacNamara, Lock 12, Mixville and Lock 12. Quinnipiac is deferred until after the current capital budget is completed, and it has a \$250,000 appropriation. The intent is to use the three (3) prior appropriations to fund the cited four (4) parks; cancel an old appropriation specific to Quinnipiac and Lock 12; take the remaining monies (\$142,000) and re-appropriate the funds for the four parks.

Mr. Kimball explained that the Town Charter requires anything over \$250,000 but less than \$500,000 requires a public hearing.

Mr. Jaskot stated the total appropriation, specific for the cited four parks, is \$462,000.

The Quinipiac Park project will be a stand-alone project in the capital budget, year #1. Mr. Kimball informed the Council this is the way bond counsel wants this to be done. Council action will be taken on August 13th, following the public hearing.

VOTE The motion passed unanimously by those present.

4. DISCUSSION RE: FISCAL YEAR 2019-2020 FIVE-YEAR CAPITAL EXPENDITURE PLAN AND ANNUAL CAPITAL EXPENDITURE BUDGET: ADMINISTRATION AND FINANCE, PLANNING/LAND ACQUISITION AND REVIEW.

Budget Committee Chairman stated there would be a short review on the status of the capital budget at the end of the meeting.

Town Manager Kimball reviewed the CEP information with the Council.

Pages 33-34. Revaluation \$430,000 year #3; \$100,000 in year #5.

Technology Reserve Fund - \$210,000 in each of the five years of the CEP.

Technology Town & School Security - \$310,000 in year #1 of the CEP.

These two items will be discussed and considered at the August 8th Technology Study Group Meeting. These two items are not new to the plan.

Technology Reserve Fund is the annual appropriation to keep up to date all the core technology...the data center, switches, routers, fire walls etc. According to the I.T. professionals the \$210,000 funding is solid and consistent with the adopted strategic plan.

Mr. Talbot stated a plug number is inserted to keep everything fresh and new, so the town does not get into the situations of the past. He asked about any grant money available for the school security funding.

The Council was told by Mr. Kimball that the BOE has all this information mapped out for presentation on August 8th. The +\$1M approved at referendum last year is a different project. The \$310,000 is the third funding of a three-year project. Information from the study group meeting will be forwarded to the Council.

Mr. Jaskot has inquired about grants for the BOE security projects, and advised that Mr. Masciana is not aware of any at this time.

With regard to the BOE security program, Mr. Oris would like an update to the Council. He commented on the significant amount of funding for the program, and would like a substantial update on everything being done to insure safety of the school children.

Mr. Bowman talked about the many capital projects over the years, and asked if there are balances which could be consolidated.

In reply, Mr. Jaskot said last October there was an extensive review of what was left over from closed out projects. He will be updating this information in the coming weeks. He is not aware of any large balances.

Page 59 – Planning. The one project is Land Acquisition, \$400,000 TM approved in year #1. The account balance is just over \$200,000.

Mr. Kimball stated one of the projected referendum items would be Land Acquisition at \$400,000 or \$500,000. The last adoption of Land Acquisition was five (5) years ago in FY 2016. The FY2019 request is not site specific, and bond counsel will advise it must go back to referendum.

Mr. Oris commented on the town acquiring lots of property over many years, including the Chapman Property. He does not believe the town has done a good job in making the parcels available to the community. He would like to take some of the money, use it on existing facilities, improve them for better community access, or take the \$400,000 and use it for the Chapman Property. This funding is needed for this large, visible, important community project.

In that regard, Mr. Slocum asked about the Council's flexibility if some piece of property came up for sale, below the \$500,000 threshold.

If the money is already appropriated, Mr. Kimball said it is just an allocation of the money.

Mr. Bowman does not want to limit the funds to open space...it just says land acquisition. In the narrative he wants to make sure the money can be released for something strategic that may come up, as this is broader and more flexible.

Mr. Oris talked about investing more in fields, recreational facilities, and certain services provided to the community. He noted more high level maintenance must be done to have the properties more usable, especially for the youth. Other than the high school,

he said there is only one other lighted field at Cheshire Park available. The town has done a good job protecting open space and with land acquisitions, and Mr. Oris wants some of the funding used to bolster support services for the community.

Councilors agreed with Mr. Oris' statement and discussed the options with the funding.

Mr. Veleber said the funding is low and the reserve could be built up. There could be immediate needs presented, and if below referendum limit, Mr. Oris said the Council has flexibility with the money and should put it to good use for the taxpayers. Mr. Talbot said the funding could be increased in future years, and some of the money can be utilized. It was stated by Mr. Bowman that the expenditures and park improvements enhance the quality of life in Cheshire. Mr. Falk asked about this being a separate account. Instead of putting \$400,000 in year #1 of the capital budget for land acquisition, Mr. Oris wants consideration of putting this money elsewhere in the budget to be used this year for other issues. Ms. Nichols asked if the money would be in a separate account delineated specifically for improvements, or if the \$400,000 would be split amongst accounts. Mr. Slocum said the land acquisition would be zeroed out, with the funding towards other capital items which can be supported, i.e. park upgrades and improvements. This is not adding \$400,000 to the Recreation budget. Mr. Oris said the money could be used for the Chapman property, and he talked about people wanting and supporting another turf field in Cheshire. All of these things and services dovetail into the property values when done in a fiscally responsible way, and there are many options out there. Mr. Talbot agrees about putting the funding in "miscellaneous" so it is not lost, but available for discussion during the review. Mr. Ruocco is not favorable to land acquisition funding in this capital budget, and also not favorable to transferring the money to the Recreation Department budget.

Mr. Kimball reported that the Land Acquisition Account balance is \$400,103.

Pages 44 and 45 - \$150,000 in year #1 – Mr. Kimball stated there is funding put into the Capital Planning Account for design of projects. The purpose of the funding is planning and studies of capital projects.

On page 45 there is Capital Project Management Services - \$148,000. Mr. Kimball said this funding would be for management of PBC projects. The PBC has 26 projects at this time. PW Director is staff to the PBC and spends enormous time with meetings, site visits, agenda, minutes etc. The \$148,000 appropriation is made up of 8% of the cost of projects identified on page 45. The idea is to have contract management services, clerk of the works, and help PBC, Council and Mr. Noewatne to get more information on a regular basis. This would help move the PBC projects along more quickly, and new PBC projects will be added from the capital budget.

According to Mr. Oris there are concerns about how projects are managed, as more is being done and more cumbersome for staff. PBC members are also volunteers, do a great job, and it cannot be assumed they have the time, ability and expertise to manage these projects. The Council has been advocating for changing the processes and procedures relative to management of construction projects. He believes the town will save money with more value engineering, cost effective management, contract negotiations and things critical to drive a good project forward. The proposed funding (\$148,000) will save taxpayer dollars in the end, and this is the right way to move forward. The management services should be a line item, on a per project basis, with each project having oversight or management. The funding should be there now to be used for projects already underway. Mr. Oris commented on having significant issues with good projects delivered to the community. This is the first step to doing things better with a person handling contract review, tight contracts that protect the community, and reflect the project in the best way possible.

Mr. Bowman said he would not support this unless there is a way with a value to it. He is not looking for another tier of oversight, but for people to have the best support, ideas, do value engineering, look at a project with a different lens, make it more efficient with less cost, quicker turnaround time. He noted this is a cultural shift from the way the town has done business, and it is time to do it. The process must be analyzed in a year or two, with determination of it being the right way, or tweak it somewhat. There has to be some benefit added for the town with the projects, and in the future how the town saves money.

In looking at the 2020 CEP projects, Mr. Slocum said three (3) projects would use the new method.

Mr. Kimball pointed out the identified projects are for the future, but there could be approved PBC projects using the management services concept.

It was stated by Mr. Oris that the management services should be in the project specific costs. If the identified projects have not yet been approved, the 8% cost could be put into the individual project. If they are approved projects, not yet started, the 8% can be included in the format presented. Mr. Kimball said this can be worked through, and a revised list submitted.

Ms. Nichols read her notes, and asked how we can make sure this happens. It makes sense to have a professional guiding the project, but what is the mechanism to determine whether the project benefited.

These things are critically important and Mr. Bowman said the Council does not know things are vetted properly. The subcontractors to the town would report back to the Town Manager, and submit the cost benefit of their oversight of a project.

Mr. Oris said it is tough to quantify, but there have been instances of project review, with a change order in day #2. With the right eyes and consistent oversight many issues could be alleviated up front, save money, understand what is being looked at, making sure the contract is tight, review the project design, etc.

It was stated by Mr. Bowman that a firewall has to be up there...someone who works directly for the town as the owner's representative, to verify and oversee the project.

Regarding the way to have these services, under the Town Charter, Mr. Kimball said this will be reviewed further. If it works well, the funding could be put in the operating budget. He will check on projects with Mr. Jaskot and Mr. Noewatne to identify the best ones for trying the system. Councilors briefly discussed funding the management services, whether as part of the project costs, in the capital or operating budgets.

Mr. Bowman wants a caveat or understanding for a reporting mechanism on whether the management services are working or not or should be tweaked.

It was pointed out by Mr. Kimball that the projects are only town projects...not BOE proposed capital plans. He noted the BOE projects could use the management services. Mr. Kimball said there is a caveat that the dollars be spent on these services; they will not be reallocated to the rest of the project without Council approval.

The issue of the 8% was raised by Mr. Slocum.

With smaller projects, Mr. Kimball said the percentage number would, probably, be higher. He advised there are companies that offer owners' rep services, and he has an RFP from Simsbury for Council to review.

Mr. Bowman explained that each discipline of work should have oversight by someone with expertise in that field...i.e. roof project.

All of this must be done in concert with reassessing the town's entire process, and Mr. Oris said this include...what contract is being used, how the contract is being negotiated, who is reviewing, executing the contract, legal review, etc.

If the people doing management services on a project are subcontractors, Mr. Talbot asked about the contract including a provision for a report to the Town Council on the scope of their work. In the first year we are looking at \$25,000 funding, and he suggested putting this into the operating budget. Going forward with 2021 and beyond the funding can be put into the project. He suggested taking out the \$148,000, and move it into the projects, and Council can figure out a way to fund \$25,000. This gives the ability for a one-year review before it starts hitting the capital projects.

Mr. Oris is uncertain the town wants to take this process and put it in the middle of a project already commenced. For a project not yet undertaken, the management services position could be relevant.

The Council agreed this process should be memorialized. Mr. Kimball is looking to improve how things are done, and this is part of his goals and objectives.

Mr. Slocum confirmed that the \$148,000 is removed from the CEP.

Chairman Oris informed the Council that he has had interaction with Recreation Director Gawlak. He reported Mr. Gawlak is working hard, getting through things in a quick fashion in terms of evaluating current conditions of things, finding cost effective ways to enhance things, and he will be adding value to project discussions.

Town Manager Kimball echoed these comments, and advised that Mr. Gawlak has taken on so much and is getting things done.

Town Manager Kimball explained that the Town Charter requires any project over \$500,000 go to referendum. There is also a five (5) year look back to insure a project is not over aggregate of \$500,000. He cited #6 Window Replacements CHS - \$250,000, and five more years of \$250,000 in each year for CHS windows. Keeping track of projects over the years requires tracking of each project and bond counsel costs.

For the CHS window projects or road projects, Mr. Bowman asked how this is justified, and vetted to insure taxpayers are getting best value for their dollar. When work is done by PW crews, he noted they are paid out of the operating budget. In the \$2M road project, the PW crews could do \$150,00+ of road work, but that labor does not come into the capital budget...it stays in the operating budget.

Mr. Jaskot reported this has always been General Fund.

Mr. Kimball explained the expenses of each project are tracked, audited, and open to review. He understands what Mr. Bowman is saying. For \$2M of roads each year the expense could be in the operating budget and not bonded. The road is expected to last the length of the bond/borrowing, and the cost is spread out over time.

According to Mr. Bowman there are many profit centers, and we do not know what things cost the town. This is his concern.

A valid point has been raised and Mr. Oris cited a road project with PW doing a portion of the catch basin repair. He assumes this town labor, on a project basis, is captured into a project cost.

Mr. Jaskot explained that when capitalizing these projects, he takes into consideration the cost of the road, including labor and materials and catch basins. This is not as in-depth as what is being discussed by the Council.

Mr. Bowman talked about a road reconstruction project with curbing, sidewalks, trees taken down, police on site...and how each of these expense centers are quantified into the \$2M cost...or are they not put in.

According to Mr. Jaskot, PW staff has always been charged to the General Fund on a consistent basis. There have been odd projects with PW crews working overtime, with costs covered by federal money.

If town staff is working on a capital project, Mr. Oris has always assumed this cost is added into the project, to know the total cost of the project. There should be a comparison of using town staff vs. out-sourcing to insure the project is cost effective. This should be happening.

Mr. Jaskot said this is not happening. It is overtime that is charged to grant funded sources, and if not overtime (regular time) the charge is to the operating budget. There are three road grants totaling about \$1.5M, and verification goes to the State that the town is spending that much out of the General Fund on infrastructure work.

If PW crews are out working on capital projects, Mr. Bowman said that should be captured somewhere, and this is not done.

Mr. Talbot noted the \$2M for a road project for materials etc. does not include the town crews labor costs. If the project is analyzed for costs to the town with a contractor, and each component is not captured (i.e. police detail) there is revenue lost.

This gets back to value engineering, and Mr. Oris said the Council is asking if town crews are deployed properly, if the true project costs are captured.

From a budgeting perspective, Mr. Jaskot said this is not done with PW crew regular time. He believes the time is tracked internally in the PW Department. He believes the PW Department could go back and track the data and cost of crews working on a road project.

Mr. Kimball stated this concern is for road projects as other projects do not have the blended work crews. PW crews do summer work on catch basins and prep work.

It was pointed out by Mr. Bowman that a \$2M project could climb to \$2.5M adding in police detail, trees taken down, staff and crew time and labor.

Mr. Oris commented on the high town staffing for winter and doing things in other months which is effective use of town labor. This discussion is not challenging what the town crews are doing and how they do it, but is from an accounting perspective. If it was cheaper to have the project done from an out-source perspective, the town staff could be engaged in doing other things.

Mr. Slocum revisited \$100,000 projects taking place over five years. If it is \$500,000 spent over five years, he asked if the project can be bid out \$100,000 at a time. This does not lock in a low bidder on a \$500,000 with change orders.

On the BOE side, Mr. Kimball sees millwork improvements at Highland, Norton and Chapman. Two years later there is millwork at Darcey and Chapman, and each project is broken out by the work and order of the work.

Mr. Jaskot said there is no right or wrong, it is project by project, and the trend has been appropriating money where it is expected to be spent. Many projects are BOE projects.

With the way it is being done Mr. Oris said it costs more money with bond counsel. There is reliance on staff to do a project a certain way, and not go back to bond counsel every year and re-do everything. The BOE will have to get on the same page, and the projects come through the Council. If a process is in place, the BOE has to adhere to it.

Referendum List 2020-2024 – Nine (9) items.

Land Acquisition - \$400,000 is off the list.

Lower Level at Police Station - \$750,000. Mr. Kimball said this is the cost if the project is moved into year #1 of the CEP. This was discussed by Council.

Road Improvement Program - \$2,000,000. Mr. Kimball reduced this amount from \$2.2M. Mr. Talbot commented on the program, getting the distance of the roads in color red. Mr. Kimball said about 10 miles (average) is done each year, and sometimes there is more chip sealing.

West Johnson Bridge Repairs over the Ten Mile River - \$ 1,800,000. This is a big ticket item, 50% reimbursement; net is over \$500,000; it is a full depth reconstruction.

Mr. Kimball advised East Johnson is on page 72. He said Director Noewatne requested \$2.8M in years #2 through #5, starting with Scenic Court in year #2, Industrial Avenue in year #3, and East Johnson in years #4 and #5 to be bumped out to every other year. East Johnson is sitting at the end of the plan, with nothing is in year #1 and the project can be revisited next year. Mr. Kimball informed the Council that the State

DOT bridge money is tied up until approval of bonding, and funding is pending their final allocation. Referendum deadline is September 1st.

#6 CHS Window Replacement \$250,000 and #7 Lavatory Improvements District Wide \$250,000 – these are not controversial projects; both have been consistent at this amount for the last few years.

Mr. Talbot talked about #7 and #8 (Driveway and Parking Lot Repaving District Wide \$250,000) – the wording does not list specific schools. He asked about getting away from the “district wide” language, and cite the specific school.

Mr. Jaskot explained the lavatory improvements are district wide.

#8 – Mr. Slocum asked if this includes the Humiston School parking lot.

Mr. Jaskot reported there was a prior appropriation of \$250,000 in the last five years specifically for two schools. Now, it says “district wide” and schools can be added.

The Council was told by Mr. Kimball that he had already cut the Humiston School projects in his recommended budget. He noted the BOE presented what they had requested of the Town Manager.

Mr. Oris stated the need for a discussion with the BOE on doing these Humiston projects, and Council is cutting them from the CEP. He said the BOE needs to come up with a plan to vacate this building due to safety issues, maintenance, etc. Things must be done in concert for spending if BOE does not plan to leave the building, and there are options to rent space at a lower cost to the taxpayers.

#9 Boiler Replacement Doolittle School \$600,000. Mr. Oris said this is a large expenditure, without a modernization plan for the school system.

Mr. Bowman said the reality is the condition of those boilers, and one or both possibly failing. He said BOE will be trying to get high efficiency boilers fueled by natural gas to the school, which will save operational expenses and have longevity.

Running gas lines out there will cost \$800,000 and Mr. Falk said the total cost is unknown.

Mr. Bowman said one way could be where Dalton is located, come across the Linear Trail, down Manor Drive and into the school.

There needs to be answers from the BOE on the gas line to Doolittle School. With changing the school windows the building becomes more energy efficient. A small addition could be done with capacity.

Mr. Kimball read the description for the boiler replacements... "replace the existing boilers with high efficiency oil-fired hot water boilers".

For the boiler replacement project approved at \$600,000, Mr. Slocum asked if it would be a summer project or two-year project.

The boilers were installed in 1986 and 1996. With window replacement, Mr. Bowman said the heating would be better and more efficient in the school.

In any school modernization plan, Mr. Slocum noted that Doolittle is not a tear-down building.

Meeting Schedule –

Tuesday, August 13th, 6:30 p.m. Public Hearing on the Capital Budget;
Regular Council meeting August 13th following the public hearing.

Wednesday, August 14th, 6:30 p.m. Budget Committee Meeting

Tuesday, August 20th – Special Council Meeting (possible)

Tuesday, August 27th – Special Council Meeting, budget adoption

Mr. Slocum commented on the Council's review of the BOE budget on Tuesday, August 13th or Wednesday, August 14th. Time – 6:00 p.m.

5. ADJOURNMENT

MOTION by Mr. Talbot; seconded by Mr. Veleber

MOVED to adjourn the meeting at 8:00 p.m.

VOTE The motion passed unanimously by those present.

Attest:

Marilyn W. Milton , Clerk
(transcribed from tape)