

MINUTES OF THE TOWN COUNCIL PUBLIC HEARING HELD AT 7:00 P.M. ON TUESDAY, APRIL 28, 2020, VIA VIDEO TELECONFERENCE (PER EXECUTIVE ORDER OF THE GOVERNOR OF CONNECTICUT)

*Public access made available through live streaming on YouTube at https://www.youtube.com/channel/UC4_xey3QjJmwe57R_6K94Dw
Public comments accepted at Comments@cheshirect.org and by voice mail message at 203 271-6638. Video will be available on Channel 14 and on demand at www.cheshirect.org as soon as possible.*

Present

Robert J. Oris, Jr. Chairman; Timothy Slocum, Vice Chairman; David Borowy, James Jinks, Sylvia Nichols, Peter Talbot, David Veleber, Donald Walsh.
Staff: Sean M. Kimball, Town Manager; Arnett Talbot, Asst. Town Manager; James Jaskot, Finance Director; William Voelker, Town Planner; Jerry Sitko, Economic Development Coordinator; Laura Brennan, Town Clerk; Tom Smith (D) and Sue Pappas (R) Registrars of Voters

Public Hearing Subject Matter:

**Proposed Fiscal 2020-2021 General Fund Operating Budget
Water Pollution Control Fund Operating Budget and
Community Pool Fund Operating Budget.**

Chairman Oris called the public hearing to order at 7:00 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. Explanation of Hearing Procedure and Agenda

Chairman Oris commented on the FY 2020-2021 budget being a difficult one for the Town and taxpayers. He stated the Town Council is taking the economic situation seriously, and Council, BOE and staff are working collaboratively for an appropriate budget to continue and maintain services in Cheshire.

Ms. Talbot read the call of public hearing.

Chairman Oris explained the Town Council procedure and agenda for a public hearing.

4. Presentation on Hearing Subject.

Town Manager Kimball thanked everyone for tuning into CH 14 for the public hearing on the budget. This budget started to be developed in November/December 2019 by

Mr. Kimball and Town department heads; it was fine-tuned in January and February 2020; and submitted to the Town Council on March 10th. This is around the time the COVID pandemic began to hit with full force, cause delays and many other concerns. The initial numbers were developed pre-pandemic, and adjustments will be made for this year and next year. Mr. Kimball expressed appreciation to everyone working in the front lines during the COVID-19 pandemic.

Town Manager Kimball began his budget presentation.

FY 2021 total Operating Budget - \$117,614,532; +\$3,389,206; +2.97%

General Government -	\$33,978,497	+\$1,259,019	+3.85%
Education -	\$75,545,054	+\$2,188,543	+2.98%
Debt -	\$ 6,965,981	+\$ 325,795	+4.91%
Capital Non-Recurring	\$ 1,000,000	-\$ 100,000	-9.09%
Contingency	\$ 125,000	-0-	0.00%
TOTAL	\$117,610,091	\$3,389,296	2.97%

Based on a mill rate of 34.15 mills, this is a mill rate increase of 0.93 mills or 2.80%.

Teacher Pension System - There is no funding for this expenditure (\$284,061).

COVID -19 – Mr. Kimball noted that the pandemic (since first week of March) could impact the budget, but it is an unknown impact at this time.

State Budget – The Town of Cheshire will have a reduction of \$13,494 in State funding from the biennial budget (2nd year).

Union Contracts – The contracts are expiring on June 30, 2020; they are now in negotiations.

School Modernization Plan – The SMC plan will have major initiatives and impact for the capital budget.

Bartlem Park/Chapman Property Master Plan – The plans for this project will have a major impact and initiatives for the capital budget.

Proposed Revenues FY 2021 – The property taxes are the major source of revenue, 83%, \$97,042,290; there are a variety of other revenue sources/grants; total revenue - \$117,610,091.

Major Budget Drivers/\$ Increase and % Increase

Board of Education Budget -	\$2,188,543	1.92%
Net Debt Service Increases -	\$ 325,795	0.29%

General Government Budget Drivers:

Town Retirement/OPEB Expenses	\$ 329,713	0.31%
Medical Insurance	\$ 176,912	0.15%
Solid Waste/Recycling/Tip Fee	\$ 121,187	0.11%
Liability & Workers Comp. Ins./Soc. Security	\$ 101,971	0.09%
All Other Changes	\$ 115,175	0.10%
TOTAL	\$3,389,296	2.97%

Debt Service – Mr. Kimball commented on the great efforts to reduce debt service as a percentage of the budget; it is now just under 6%; the Town is borrowing less; and is using reserve funds. There is a commitment to reducing the net debt number. Long term debt serve projection as percentage of expenditures is 6.2%.

Debt Service Analysis – The revised net debt is \$6,965,981; this is an increase of \$325,795.

Mill Rate of 34.15 Mills - Average Residential Taxpayer - \$330,148 (real estate and two motor vehicles) – 70% assessed value for one residential property and two vehicles = \$231,104; proposed taxes - \$7,892; this is an average increase of \$215 from FY19-20.

Ten Year History-Annual Tax Increase (house and 2 cars) – FY 2011-2021. Average assessment is \$236,375; mill rate increases have averaged 2.00% over ten years, and \$138 tax increase on average residential taxpayer.

Mill rate Increase Ten Year History – the average increase is under \$200.

WATER POLLUTION CONTROL FUND OPERATING BUDGET

WPCD budget - \$4.1M; this budget decreased by \$326,001, or 7.34%; this is due to the reduction in the amount of WPCD fund balance appropriated for the Town’s gross debt service. This reduction is the result of a Dept. of Corrections payment.

COMMUNITY POOL FUND OPERATING BUDGET

Budget Request - \$1.030M; this is an increase of \$68,781; proposed FY 2020-2021 subsidy out of the General Fund - \$396,086, 16.1% increase. Due to the fact that the pool is closed due to the pandemic, the projected subsidy is \$517,360.

PROPOSED FIVE-YEAR CAPITAL EXPENDITURE PLAN AND FY21 ANNUAL CAPITAL BUDGET

Town Manager Kimball explained that the large capital projects go to referendum in November; the five-year plan is for major capital expenditures; the appropriation for the first year of the CEP is authorized by the Town Council.

Total CEP requests Town and BOE = \$74,639,000; an increase of \$9,218,000. Town Manager reduction of \$6.7M; total of the five year CEP - \$67,859M, 9.2% increase over last year's CEP(Town and BOE).

CEP Year #1 - Annual recommended CEP FY 21 projects total \$12,110,000, an increase of \$598,000 over FY 20 CEP.

Total CEP Requests (non-education) totaled \$42,835,214; 7.44% increase over prior year adopted budget; Town Manager reductions of \$1,531,660; this is a 3.67% reduction; there will be offsetting grants (\$7.7M); the net five-year capital budget is reduced to \$60.3M net capital cost.

Mr. Kimball reviewed and cited the capital budget requests and recommendations for Town departments and BOE (pages 10-13). BOE - 26 projects total \$25,578,000, which is 37.7% of the recommended capital budget.

In the past five (5) years the capital budget averaged \$53.6M gross, and net of \$44.39M. Mr. Kimball stated that the capital projects are prioritized.

Flat Mill Rate – Mr. Kimball reviewed the discussions at budget workshops about ways/options to achieve a flat mill rate increase due to the current economic reality. The proposed budget presents a 0.93% mill rate increase, which totals \$2,567,497. This is the amount which must be “found” to get to a flat mill rate.

Mr. Kimball cited the following proposed changes - \$200,000 revenue increase, no lien sale; \$40,000 increase in Building Dept. revenue; decrease of \$270,000 of investment income to be factored in; fund balance surplus.

Fund Balance Analysis (page 131) –

Available Fund Balance as of July 1, 2019 -	\$12,659,392
FY 19-20 budget appropriation -	<u>(1,062,918)</u>
Unassigned Fund Balance July 1, 2019 -	\$11.696.474
10.47% of FY19 GF Expenditures	

The policy is to maintain a Fund Balance of 9.25%.

FY 2020 estimated activity - \$1.2M expected surplus; this results in fund balance of \$12.796M; FY 2020-2021 fund balance appropriation of \$800,000; Projected unassigned fund balance, July 1, 2020 - \$11.9M - about 10.54%; this represents about \$1.469M over the 9.25% minimum fund balance.

Current Year Budget Projections – Town and BOE collaboratively working to generate savings of \$1.083M in estimated expenditure revenues to get to the flat mill rate. The changes would include \$250,000 carryover for BOE special education; closing and

lapsing CNR projects, spending freeze, personnel furlough and hiring freeze. The projection is \$524,021 net revenue loss. Total increase to projected fund balance of \$559,733, in addition to approximately \$400,000 increase already assumed in the fund balance. The Council will be looking at using some portion of the fund balance generated from the current year surplus above the \$800,000 to offset FY 2021. The difference between these numbers is about \$2.6M representing expenditure cuts of the Town and BOE.

Workshops/Meetings – Thursday, April 30th, BOE Budget Presentation; Tuesday, May 5th, PW/Parks, WPCD, Public Property; Thursday, May 7th, Library, Arts Place, Public Works, WPCD, Public Property continued; Tuesday, May 12th, Public Information Session and BOE continued.

Chairman Oris stated the information presented reflects where the Council is trying to go with this budget. This budget was presented to the Council prior to the COVID-19 impact, and much has changed since that time. The Town and BOE have been asked to ratchet down the budgets to get to a zero mill rate increase in light of all the impacts of the community...residents and businesses. He said the Council understands the current situation and will not gut needed community services.

5. Questions at the Discretion of the Chair

None

6. Proponents and Opponents Statements Alternately Expressed.

Chairman Oris read an e-mail with comments from Peter Malia about the proposed budget, suggesting a budget freeze due to the COVID-19 impact on the community.

7. Rebuttal at the Discretion of the Chair.

None

8. ADJOURNMENT

Chairman Oris closed the public hearing at 7:32 p.m.

Attest:

Marilyn W. Milton, Clerk