

MINUTES OF THE JOINT CHESHIRE TOWN COUNCIL MEETING AND BUDGET COMMITTEE MEETING HELD ON TUESDAY, MAY 19, 2020 AT 7:00 P.M. 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

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Present

Robert J. Oris, Jr. Chairman; David Borowy, James Jinks, Sylvia Nichols, Timothy Slocum, Peter Talbot, David Veleber, Donald Walsh.

Staff: Sean M. Kimball, Town Manager; Arnett Talbot, Asst. Town Manager; James Jaskot, Finance Director; John Gawlak, Parks & Rec Director; Elizabeth Mayne, Program

BOE – Anthony Perugini, Chairman; Supt. Jeff Solan; COO Vincent Masciana.

Chairman Oris called the meeting to order at 7:01 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. DISCUSSION RE: PROPOSED FY 2020-2021 OPERATING BUDGET, ANNUAL CAPITAL BUDGET, FIVE YEAR CAPITAL EXPENDITURE PLAN

Chairman Oris welcomed everyone to the meeting and stated his appreciation for the collaboration between the Board of Education and Town on the FY 20-21 operating budget.

Budget Committee Chairman Borowy stated the BOE Finance Committee reviewed reductions in the BOE budget for expenditures and revenue. A list of the items was submitted to the Council. General Government is discussing \$800,000 in reductions to expenditures and revenues to meet a zero (0) mill rate increase; using as much surplus generated this year from COVID savings, Town and BOE side, keeping aside \$200,000 for COVID expenses in the summer; this still leaves another \$800,000+. One possibility is for this money to come out of the BOE budget, allowing for a \$1.2M or \$1.3M increase.

DEPARTMENT OF EDUCATION

BOE Chairman Perugini did not have a labor update for the Council, and said the BOE reduction list has not changed, but there could be a COVID update. The list is up for

review by the BOE, and it should accommodate a reduction of \$800,000 to \$1M. The stipend issue came up a few weeks ago and there is no update at this time.

Mr. Masciana reviewed what has recently happened. The BOE received official word on schools not opening up for the remainder of the school year. He went back and made adjustments to projected COVID-19 savings, and the negotiations with Dattco, bus contractor, were completed.

Supt. Solan gave a short power point presentation on the BOE budget and the status of operations at this time.

Supt. recommended budget, January 2020 -	\$76,330,052
BOE Adopted Budget	\$75,502,554
(BOE reductions of \$827,498)	
BOE Budget increase -	\$ 2,146,043; 2.93%

Comparison of Like Towns – Cheshire per pupil expenditure - \$16,502; ranks #11 out of 12 towns in ppe; per capita tax rank is 3; students per teacher rank is 11; percentage of per capital income is the lowest.

COVID-19 Anticipated Savings 2019-2020 – Supt. Solan reviewed the savings (substitute teachers, overtime, transportation, spring sports, trash/utilities, COVID return costs \$200,000.
Savings of \$756,317, less \$200,000 COVID return costs;
Net anticipated savings - \$556,317.

Mr. Masciana reviewed the calculations, which are based on school opening on September 1, 2020. Bus transportation savings and fuel savings - \$315,000; \$100,000 comes from combo of bus savings and \$40,000 school maintenance; and other negative offsets; \$100,000 in additional COVID savings in the last month;
Net Savings - \$556,317.

<u>Line Item Savings Reductions/Savings FY 19-20 Budget –</u>	
Total COVID Savings with schools closed for remainder of the year	(\$756,317)
Additional Spending Adjustments -	(\$491,283)
Totals 19-20 Budget Reductions -	(\$1,247,600)

CARES Act Money – Cheshire receives \$99,367

State DOE has not issued guidance on expanded school year services; special education students will often qualify for these services, ESY; COVID situation has impacted this process on personal meetings with these students; guidance is expected later this week, which will provide more certainty around the \$200,000 number.

Net savings - \$1,146,967 from FY 19-20 school year.

FY 20-21 budget reductions are not factored into this number. These reductions are identified as “high, medium or low” on the list of items which have a direct impact on students. Any reduction represents a sacrifice in programming and/or services.

Supt. Solan stated that a return to school in Fall 2020 is still in jeopardy. The school district is working on a return protocol...how to provide a good education when all students cannot be in the building. This has budget implications. There is no full understanding of the Fall return to school for another month or more.

The list of items/options was reviewed with Council with high, medium and low impact noted.

Low impact - \$245,000; Medium impact -\$277,166; High impact - \$525,000

Regarding the \$99,000 CARES payment from the State, Supt. Solan advised this would be received this fiscal year. The school district must apply for the funds, but an application has not yet been received.

Mr. Jaskot explained the money could be accrued back to this fiscal year when the expenditure occurred, and this assumption is in the quarterly report.

According to Town Manager Kimball the \$99,000 and investment income are in the revenue assumption and part of the mill rate calculation on the projected revenue this year.

Mr. Perugini said the option list is a one time area savings, will not be there in FY 21-22, and BOE has concerns about next year and out years...labor is the biggest expense.

It was noted by Mr. Borowy that the Town has \$800,000 more in debt service next year and a possible school modernization plan. He said BOE has an adjustment to retirement contributions of \$98,000, which is not included in the running tally.

Mr. Masciana cited the savings, if all labor (BOE side) went to 0% salary increases, as \$1.15M, with steps about \$280,000 of that amount.

There will be more BOE information on COVID summer savings. Mr. Perugini said good things can still happen; there will be another update in a week; information will be shared with the Council; BOE and administration is ready to do what must be done and continue to work with the Council.

Mr. Borowy thanked Supt. Solan, Mr. Masciana and Mr. Perugini for the BOE participation and collaboration with the Town Council.

Parks and Recreation Department – John Gawlak and Elizabeth Mayne

Summer Camps – Mr. Kimball explained that with no summer camps the savings is \$120,646; lost revenue is \$110,000; the effect on the mill rate is negligible; other items are adjustments, i.e. RecTrack software.

Camp Revenue – Ms. Mayne said the revenue collection fluctuates as to which fiscal year gets the revenue. Sometimes it is a 50/50 split; 2019-20 had 65% collected in the prior fiscal year and 35% collected in the camp operating year; last year things were entered as they came in and there was no catch-up after July 1st. Lots of money due to high number of campers resulted in people paying quickly. It was expected this camp season would be closer to 55% in advance payments and 45% while camp is ongoing.

Mr. Jaskot explained that in doing COVID reductions for FY 2020 the Parks and Rec budget was reduced by \$144,000; a \$144,000 hit was expected; the 4110,000 is money expected in FY 2021.

Stating that is correct, Ms. Mayne said it is not just summer camps. She advised the pavilion rentals are down, youth center rentals are down, and many camps are operated other than day camps.

Revisions List – Mr. Jaskot cited items #12 (\$15,000), #13 (\$25,000) and #14 (\$35,000) PW Dept. – total is \$75,000 broken out to one-time decreases.

#15 (\$325) is the Pool Subsidy Change; Pool Revenue Reduction is \$97,000 (due to COVID); there are some additional expenditure decreases (TPT - \$22,982, Consultant \$3,000, RecTrack \$4,025). \$3,000 Consultant expenditure might be removed due to another study of the pool facility coordinated by Mr. Gawlak. There is almost a wash between reductions and revenues for next year and expenditure reductions. Pool – the subsidy decrease is (\$97,000), less adjustment of \$325 = \$96,675.

Revenue adjustments - \$911,000; this is \$889,000 away from a zero (0) mill rate increase. BOE FY 2020 savings - \$1,047,600, plus \$99,000 CARES revenue.

There was a discussion with Council and staff on the calculations of revenue adjustments; \$1,047,600 being the correct number for BOE savings; inclusion of COVID savings; keeping fund balance just above the 9.25% requirement; this leaves \$590,000 needed for a zero (0) mill rate increase. The chart uses all surplus generated this year and \$800,000 anticipated on 3/10/20; this has \$2M shortage starting out next year plus \$800,000 in debt service; adds \$400,000 to General Fund keeping just above 9.25%.

Mr. Kimball noted that \$800,000 has been traditionally applied year to year, and last year it was \$1M.

WPCD Enterprise Fund – Net decrease of \$75,145; there is no Town subsidy; changes made to WPCA budget do not affect the mill rate; WPCD debt service pays for a percentage of debt for the treatment plant upgrade; WPCD contributes about 63% of the debt service on the WPCA projects. Mr. Kimball's recommendation is to hold their expenditure line flat and increase the amount towards debt service in the future. Some fund equity was used in the past; this has been reduced; the proposed fund equity increase is \$28,236. Between the two, Mr. Kimball is comfortable with \$100,000, not assuming the \$28,236 increase to their fund balance, and the \$100,000 available to slightly increase the amount of debt service being paid. This is a discussion item.

Mr. Oris said the \$100,000 should be part of the 2nd year smoothing, put into an account for debt service next year.

Mr. Jinks agreed with Mr. Oris. He asked about the contaminated recycling and large fees and impact on the budget now.

There is no recent impact in the budget now or budget adjustments and Mr. Kimball advised there is public information to curb this issue. The penalty is \$80 to \$90 per ton, and recycling is more expensive than trash.

Mr. Walsh said nothing is in the solid waste contract about a penalty, and public should know about and abide by recycling rules, putting trash and recycling in correct bins, as this impacts the town. There are truck cameras and watching what goes into the garbage.

According to Mr. Talbot, A.J. Waste is proactive, has put stickers on recycling bins indicating what can be put into recycling.

Mill Rate Calculations – The Council reviewed the information.

BOE is getting a \$2.3M increase; BOE updated their surplus number; Town had \$50,000 expenditure adjustment; revenue adjustments = \$1,211,729; split between BOE and Town; BOE 66.7%-\$927,985; Town 33.3% - \$463,992. BOE \$2.1M request would have \$927,985 reduction and BOE would get a \$1.2M budget increase; BOE \$2,287,415 includes the \$98,000 pension adjustment.

BOE total budget \$75,643,926 has the \$98,000 included.

BOE salary increase is \$1.150M; elimination of \$1.150M represents no salary increases.

\$900,000 is factored into the government side (1.11%); Town budget increase of 1.3%.

BOE would get \$1.3M (reduced by \$927,000 from request)

Town budget increases by \$362,000, 1.1%, taking the \$900,000.

With \$1.15M decrease, BOE increase would be \$1.137M, 1.55%; this is in line with General Government (parity).

With BOE increase of \$1.1M there would be negotiations in one direction, or reduced staff and increase in class sizes.

BOE negotiations are for FY 2022; the assumption on the Town side is 0%; there are BOE union decisions to be made, to be part of the solution, or take the 3.1% raise; and BOE is forced to make cuts they don't like.

Mr. Walsh stated Council must come up with zero mill rate increase and must do whatever must be done...everything done will affect somebody as majoring of Cheshire people are affected by the pandemic situation.

Scenario for a zero (0) mill rate by Mr. Borowy - agreed that one scenario is \$927,000 from the BOE; \$800,000 from General Town Government; this still contributes an additional \$300,000 to Fund Balance, totaling \$700,000 to Fund Balance, funds to smooth out the following year; and have enough to cover next year's debt service.

Mr. Oris pointed out that he hears the State budget will be worse next year, while Council is assuming things will stay equal. He does not want to go higher on the BOE than \$927,000; there must be a plan developed to find more than \$600,000 for the second budget year.

Mr. Borowy would compromise for slightly more than \$927,000. Traditionally, it has been 1/3 from the Town and 2/3 from the BOE.

Council Discussion - A \$900,000 reduction in the BOE budget is still a \$1.3M increase, 1.8%. The labor negotiations would be great, or there will be significant reductions in the school district list. Once there is BOE number you cannot go below that number. If the BOE budget goes up 1.3% this year this becomes the starting number for 2021...a year that scares Council more than this year.

Recommendation from Mr. Talbot - Numbers used on the Town Government side are \$616,235 worth of one-time savings to be made up the following year. He wants \$616,235 pulled out of the Town side; put into debt service as \$200,000 smoothing over the next three (3) years for the debt service reserve fund which increases to \$900,000. Go back to the original \$1.15M number on the BOE side. He cited column J-19 - \$236,861; this goes up to \$500,000+, close to \$600,000 (which is the one-time items). This accomplishes getting to a zero mill rate increase and pulls out the one-time items to be used as smoothing over the next three (3) years in debt service.

- Town Government is still reduced by \$900,000;
- \$600,000 one-time savings is used to smooth out over the next three (3) years;
- there is \$1.15M reduction in the BOE budget.
- \$616,000 is taken out for the one-time items and put into debt service reserve;
- this does not reduce the FY 20-21 budget; \$200K is applied each year over three (3) years (21-22, 22-23 and 23-24) to smooth debt service issues;
- no funding would be used in FY 20-21 budget.

Mr. Oris reviewed the proposal. \$900,000 reduction on the Town side to \$300,000; \$600,000 applied for future year debt service; \$400,000 in Fund Balance; \$100,000 WPCD; there is about \$1.1M to be used going forward for other budgets.

With this proposal, Mr. Jinks said there is smoothing next year, reduce CNR the following year, reducing some capital projects rather than cutting services and employees, and have more flexibility going forward.

If BOE does not get any labor concessions this plan exacerbates their problem in this year's budget. The proposal cited provides addressing problems going forward.

The Town took the hits on the revenue side. Town Government cuts are significant. The debt service numbers are huge over the next three (3) years.

For clarity, Mr. Kimball asked about the expenditure adjustments remaining cut and adjusted in the final adopted budget; \$616K would go to debt service reserve or contingency fund.

BOE Budget - \$1.15M cut after the \$98,000 increase; net increase of \$1.051M. This still gives BOE an increase of \$1.4M.

Town Government has a \$1M increase; \$600,000 into Contingency Fund.

Mr. Jaskot advised that he has made debt service transfers in the past with surplus funds, but he will check and clarify this for the Council. He recommends putting the money into debt service reserve.

One-time Cuts – these are holes to fill next year. Mr. Slocum said they are dedicated as surplus for smoothing debt service; but not addressing those cuts as increases in the following year's operating budget; it is delaying what is to be done in these departments...either a tax increase or make changes in some departments.

Mr. Oris pointed out there has not been talk about the additional \$400,000 to fund balance and \$100,000 WPCD, another \$500,000 on top of the \$600,000 in Mr. Talbot's recommendation.

There is a possible \$500,000 of unallocated WPCD fund balance which has not been addressed. WPCD Fund Balance - \$1.44M; WPCD Operating Budget - \$4.1M

\$1M CNR allocation will continue unless something catastrophic happens.

There are cuts that have to be made for Town and BOE and Mr. Oris said the Town will maintain current services. He hopes for union support with the raises, or different decisions must be made to protect taxpayers.

BOE Retirements – currently there are three (3) retirements submitted to BOE, with an incentive for increased retirements.

School Reopening – it is hoped school opens on September 1st. If that does not happen the BOE budget will be impacted, with many things to be addressed that will cost more money.

Memorial Day – Ms. Nichols informed everyone that there will be a “Wreath Laying Ceremony” on the Town Green on May 25th. Mr. Kimball will check on the “flyover” and inform the Council and residents.

Upcoming Meetings – Tuesday, May 26th, 6:30 p.m. and Town Council Budget Adoption Meeting, Thursday, May 28th, 7:00 p.m.

4. PERSONNEL NEGOTIATIONS, Executive Session

5. ADJOURNMENT

MOTION by Mr. Talbot; seconded by Mr. Jinks.

MOVED to adjourn the meeting at 9:15 p.m.

VOTE The motion passed unanimously by those present.

Attest:

Marilyn W. Milton, Clerk