

MINUTES OF THE JOINT TOWN COUNCIL SPECIAL MEETING AND BUDGET COMMITTEE MEETING HELD ON THURSDAY, MARCH 21, 2013 AT 6:30 P.M. IN ROOM 207-209, TOWN HALL, 84 SOUTH MAIN STREET, CHESHIRE CT 06410.

Present

Tim Slocum, Chairman; David Schrumm, Vice Chairman; Michael Ecke, Patti Flynn-Harris, Andrew Falvey, Sylvia Nichols, Thomas Ruocco, James Sima, Peter Talbot. Staff: Michael A. Milone, Town Manager; James Jaskot, Finance Director; Gina DeFilio, Deputy Finance Director; George Noewatne, Public Works Director; Walter Gancarz Town Engineer; Dennis Dievert, Superintendent, Wastewater Treatment Plant. Guest: Greg Diaz, Intern, WWTP.

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. PROPOSED FY 2013-2014 OPERATING BUDGET

Public Works Department, Public Property, Water Pollution Control Department

WASTEWATER TREATMENT PLANT, Pages 114 and 131; Dennis Dievert

Page 131 - Mr. Milone stated that this budget increases by \$4,426; the increase is drive by the estimate of contractual agreements; and staffing is maintained at the current level. Non-salary has a big change with the fund balance increased to pay debt service.

Page 137 - There is a reduction of \$101,205, Account 5709, Debt Service. Account 5710 shows an increase in transfer of \$50,000, total of \$600,000, to the General Fund. In this "Other" account there are changes where Mr. Dievert must pay for sludge removal, and program materials and methanol expenses are decreasing.

Mr. Milone looked at the last 5 years of history and trends in the WWTD, and reported that if not for the effect debt service plays in this department budget, this budget would increase modestly.

Dennis Dievert, Superintendent, introduced Greg Diaz, an intern attending a one year program of management classes sponsored by DEEP. Mr. Dievert explained that he is Mr. Diaz's mentor in the management program.

Mr. Dievert thanked the Town Council for its support of the plant upgrade. He also thanked the WPCA, Town staff and residents, for support of the important rehabilitation of the treatment plant. Once the project is completed, he said Cheshire would have a state of the art plant to rely on for the next 20+ years.

Page 133, Account 5105 – it is difficult to keep this account down; the storms, hurricanes and weather drive this account upward; 20% of the budget is scheduled

overtime, and the rest is emergency calls and other unexpected events. Two people are required on site for an emergency; overtime must be scheduled for weekend coverage by State requirements of one person on site.

Page 134 – The cost of methanol fluctuated over the last 3 years with costs ranging from \$1.21 per gallon to a cost in this budget of \$1.50 per gallon, and this product is a tough one to budget. Five years ago the WWTP used 80,000 gallons of methanol for a cost of \$198,000; and in the proposed budget the plant will use 50,000 gallons at a cost of \$82,500. Mr. Dievert is looking into alternatives for methanol due to the consistent higher cost for this chemical.

Account 5302 – Electricity \$404,000; 5304 – Heating estimated at \$81,500 due to the high cost of heating oil to heat the building and the main force in this expense is the digester.

Account 5403 – Automated Equipment, \$50,100; this cost is high due to the aging boilers at the plant.

Account 5409 - Other. This account includes the cost of transportation of wet tonnage, bio-solids disposal of \$224,000.

WWTP Construction – Mr. Dievert reported that the construction of the plant will take 2 ½ to 3 years to complete.

There will be changes in the operation and management of the plant based on construction, sequence of construction and then sequence of operation.

The sequence of construction is when the equipment is taken off line; the sequence of operation is how the plant operates when the equipment is off line. The plant cannot shut down and must operate throughout the construction cycle. New chemicals will have to be bid; better numbers will be available in FY 2014-15; and there will be data on how much is needed and to be used. Chemicals will be taken off line, and the plant will be going to UV disinfection.

There will be more changes in revenue; when the digester goes back on line there will be savings in sludge hauling; heating costs will be reduced; septage hauling may have to be stopped for a while; and it is hoped this can be done in a season when there is not too much septage.

ISO – the plant will be getting a bigger generator, and the size is based on load; the nitrogen credit numbers are starting to drop off as more towns are doing reductions.

Mr. Divert expressed his appreciation to the plant staff for an excellent job in keeping the plant running through storms and aging equipment. The plan flow is over 5mgd per day these past two weeks due to the melting snow, and the equipment is being taxed.

During construction there will be some overtime costs, and these costs will be in the project budget.

Mr. Gancarz reviewed the phasing in of the WWTP upgrade construction. The plans are done; they have been at DEP for a month; and there is a meeting next week for final review and comments from DEP. The plans are 492 pages and 1,000 pages of specs. The project should go out to bid next month; there will be 2 months for bidder responses; they should be received in June; and the State requirement is for bids by June 30th in order to stay in line for the funding. There will be one month to review bids, check references, add up the numbers, selection of a contractor in July, and start of construction in August. This is a 27 month construction project, which should be completed in the fall of 2015. All the equipment comes off line and is replaced.

A meeting was held with AECOM the design engineers and construction administrators, and Mr. Gancarz said the firm did a good job negotiating the contract. \$275,000 was knocked out of the contract, and it goes to WPCA next week. When the digesters start working the plant should be able to get rid of 30% of the solids, more efficient pumps, reduction in heating costs, and some accounts could be over and some could have money left.

The phosphorus number is .2 on the permit and this had to be accepted in order to get the CWF money.

Prison/DOC– Mr. Noewatne and Mr. Gancarz visited the prison, met with the facilities director, and discussed the facility situation with him. The facility is in the process of recalibrating their meter, using the same company as Mr. Dievert uses, and they are trying to reduce the extraneous flows from the prison. More of their money is earmarked for I&I removal. An I&I study will be done and contracted out for some of the service, flow meters and camera testing.

Going forward, Mr. Milone noted there are two pump stations planned for next year and the I&I. He advised that Mr. Gancarz will do the user charge research analysis. For a long time there has been criticism from smaller families about the user charge being unfair, and people want it based on water consumption. We now have the data needed; it will take a lot of work to do the analysis; and in the next year the town will have the information for the Council to decide on how to proceed.

Regarding the plant upgrade, Mr. Milone stated it is the largest, single, capital project in the town's history. We are very fortunate to have three of the finest people in the industry – Mr. Noewatne, Mr. Dievert and Mr. Gancarz. They have already shaved off \$300,000 to \$400,000 off the project, and they are aggressive, knowledgeable, and diligent, and they are a thorn in the side of the contractor which is better for everyone.

Mr. Milone cited three issues. There was a bill introduced to increase the phosphorus grant from 30% to 50%, and he testified on this issue a few weeks ago. If it stays alive it is about \$1 million off the project cost. Mr. Milone testified on the proposal to force

OPM and DOC to negotiate the agreement; it was favorably referred out of committee; and this is alive and well. The State approached Cheshire in terms of asking detailed information on the \$1,453,000 in back billing for the prison. They wanted the bill broken out by each of the buildings at the correctional site. Mr. Gancarz is working on this right now.

Along with that request, Mr. Milone advised there was a request about whether the town would be willing to forgive the interest on the back billing if DOC made a payment of principle in full. If DOC was seriously thinking about this, Mr. Milone said a letter was needed from the Commissioner, which he could bring to the Town Council, as confirmation that the full amount would be paid. The interest charges amount to about \$40,000. It is hoped that the town will see this money forthcoming in a few months upon completion of the analysis.

Mr. Gancarz analyzed the water records for the facilities last year's billing at the prison. The Webster facility was closed and there was a big drop-off there. The DOC started renovation of the east block, and there are 376 beds, with uncertainty of plans for occupancy.

Under the special zoning permit, Mr. Milone must have Council authorization to sign as owner of the treatment plant. Mr. Milone will have a resolution for the Council at next week's meeting in order to get this permit process moving along.

Revenue – Mr. Jaskot and Ms. DeFilio prepared the revenue analysis, page 1 of the handout. At \$355 sewer use fee, the budgetary fund balance for FY 2012-2013 would be \$550,401; at \$360 sewer use fee, the budgetary fund balance for FY 2013-2014 would be \$485,341; at \$365 sewer use fee, the balance for FY 2013-2014 would be \$529,142. For each \$5 fee increase there is an approximate \$43,802 in revenue.

PUBLIC

Cindy Kliest, 251 Lancaster Way, asked about plant capacity, I&I and costs. She said that other towns are offering a 10% credit on household bills if they correct the I&I problems.

Mr. Dievert stated the plant capacity is 4 mgd, and there will be an I&I investigation.

With the revaluation company one of the requirements was to check households with illegal sump pumps hooked up. Mr. Milone advised that at the end of the revaluation there will be an inventory of these sump pumps, and WPCA will review the information, decide on policies to be established and come back to the Council. It will be one year before all this data is received.

Page 116 (non-tab) and page 1 of the handout. Mr. Jaskot reviewed this information with the Council, noting on page 1 the Connection Fees of \$35,000 in each fiscal year, plan review application fees of \$100, and ground dewatering fees of \$5,000. The increase in user fee to \$365 is an increase of \$10 over current fees.

Page 116 shows the various revenue items in the WPCD budget; there was an additional \$100,000 appropriation in FY 2013 for additional professional fees.

Cheshire CCI/Prison – with discovery of the malfunctioning meter and under reporting of flow, there is a back billing of \$1,453 million.

5710 – Mr. Schrumm asked about the transfer to the General Fund for administrative expenses provided by Town Hall to the WPCA.

Mr. Milone said this is correct, but it is primarily reimbursement for the debt service as well, and only \$150,000 of this money represents actual direct cost reimbursement.

5709 – shows the payment for the denitrification.

Page 89 (non tab book) – Debt Service. Total debt service is \$8,667,253, broken into four components; two issues are being paid off from the General Fund for the treatment plant - WWTP issue is \$1.875 in sewer bonds and \$404,394 for notes remaining on some of the projects with CWF. The total payment to the General Fund is almost \$1.405 million in debt service. In addition there is payment of \$150,000 in administrative support; in return the Town is asking for the \$600,000 to defray these two expenses. Separate and apart from that is direct payment for the denitrification/CWF funds, \$598,649.

If the Town receives the \$1,453 million, Mr. Milone said there could be the case to transfer more debt service, or put this money in a reserve account for repayment of the debt in 2017 for the treatment plant.

PUBLIC WORKS DEPARTMENT, PW Director Noewatne, Town Engineer Walter Gancarz; Pages 76 and 115.

Mr. Milone advised that this budget increases by \$147,000, or 2.83%. Salaries increase by 2%; reorganization of the department resulted in a savings of \$25,000 to \$30,000. The employee contract is not settled yet. Non-Salary account increases in three major accounts – Solid Waste Contract increases by \$48,000; Sidewalks/Highway/Drainage increases by \$59,000; and RWA expenses increase because of an increase in fees. There are two significant issues affecting the budget. The Solid Waste contract was renegotiated 4 years ago; automated recycling was added; and this line item is \$100,000 less.

PW Director Noewatne thanked everyone involved in the reorganization of the department, and commented on having a strong and dedicated staff. Mr. Noewatne noted that the department staff and crews reacted strongly to the recent storms and did an excellent job for the Town.

Page 76 (non-tab book). Mr. Noewatne reviewed some of the accomplishments of the department including milling and paving 13 miles of road, implementation of the single

stream recycling program, dredging of Weeks Pond, rebuilding Hilltop Road, 125 dangerous trees were removed throughout town, and reorganization of the Public Works Department. He commented on the improved efficiency and focus of the department in targeted areas due to the reorganization, especially emergency performance during recent major storms. Mr. Noewatne informed the Council that the PW mechanics provide services for 850 vehicles, including Town, BOE, Police, Fire and PW vehicles.

Page 117 (tab book) There are six divisions in the PW Department. In the administrative division there was reorganization, salary savings, realignment of the work load, and a functioning Engineering Department evolved.

Page 119 – Mr. Gancarz reviewed the Engineering section of the PW Department budget.

5102 – in this line item Mr. Gancarz pointed out that one of the PFT staff is Don Nolte who does a great job helping the department function efficiently, and there was a request to increase Mr. Nolte's hours to 40 per week (from 35), but the Town Manager denied this request due to budget constraints this year. He noted that Mr. Nolte administers the GIS system, and will convert all the data (storm drainage, road system etc.) to electronic files.

Capital Projects – According to Mr. Gancarz the East Johnson Bridge will not be constructed until 2015, with 80% federal funding with many approvals required. Blacks Road and Creamery Road bridges have received some funding at 30% of the cost, with \$60,000 appropriated for the design of the bridges. A short list of consulting firms has been received for these projects which could be done in 2014. The South Brooksvale culvert replacement has received an appropriation, and Mr. Nolte worked on the design and survey for this project.

Mr. Milone informed the Council that the PW Department has close to \$45 million in projects.

According to Mr. Gancarz, the GIS System will be coming on board quickly with all information input within 4 to 5 months; the sewer project will be going out to bid; the system should be ready to go live in a short period of time with some legal issues, policies, charts, copy right production etc. to be resolved.

With the GIS system, Mr. Sima asked about 3D analysis for pipes and underground water and above ground water.

Mr. Gancarz stated that there will be 10 locations where we will have ground water monitoring put in for data on the pipes.

In the department budget, Mr. Milone said he could not approve more hours for Mr. Nolte, but did approve a slight increase in overtime. 5102 - \$124,694 was the

department request, and the Town Manager approved amount is \$116,574, with an increase in overtime of \$3,200.

Page 121 – Highways, Sidewalks, Drainage. This section is for most of the daily work of the department.

Page 122 – Automotive Equipment line item 5203 is increased by \$13,000.

Page 123 – Program Materials 5204 remains at \$95,000.

Page 125 – Other 5409 - \$900,000 budgeted for various department things and work; RWA increase of 7.5%, \$562,000 for water main throughout town. Mr. Milone reported that in 5 years the PW Department budget increased by \$244,494; and RWA charge during this period of time has gone up \$164,000. He will provide the detailed financial data and information on RWA charges to the Council. Next year the RWA is a \$501,601 in PILOT based on the assessed value of their property and is really a tax; the RWA is charging the Town \$562,000.

Street lights - \$260,000 for 2,100 lights; this is a CL&P charge to the Town and includes maintenance charges of about \$12 per light. With regard to the street lights, Mr. Noewatne advised there are ways to mitigate the costs, such as turning off the lights after midnight. The State maintains lights on its roads, and charges the costs back to the towns for portions of the lights facing town roads. Mr. Milone said the Town could go to a modification program for street lights, and this can be explored with information to the Council.

Page 126 – Ice and Snow. This budget is over spent by \$35,000. Mr. Milone advised that overtime in this budget has not yet been moved to the Civil Preparedness budget. We are waiting to hear from FEMA on the increase in the number of days for Storm Sandy beyond the original 2 days.

The Council was told by Mr. Schrumm that he heard the federal government is declaring Connecticut a disaster area, so the 2 to 3 days could be extended to 5+ days. This would make a big difference in FEMA reimbursement.

There was a brief discussion the type of salt used on the roads during a snow/ice storm, and Mr. Noewatne explained there are two salts used...regular salt and treated salt. The treated salt has more chemicals, works well on ice on major roads in very cold temperatures, but does cause corrosion, and has an effect on the undercarriage of a vehicle.

It was suggested by Mr. Schrumm that the Town use sand rather than treated salt on the colder nights.

Mr. Noewatne said sand is sometimes useless on icy roads, and ends up being swept to the side of the road.

Page 128 – Trees. Cheshire has 4 Tree Wardens; the Town must take care of hazardous trees; storms and hurricanes damage trees and they must be removed. There is a liability to the Town and trees must be maintained and removed. Tree work is bid out 2 or 3 times a year.

Page 129 – Solid Waste. The increase in this budget is largely due to the contract costs; the tonnage is 6700 pounds compared to 7400 pounds a year ago; and the new container program is working well, and has reduced tonnage of solid waste.

Mr. Milone gave a recap on the container swap. There have been 85 applications to swap; 75 households want a smaller container; and the deadline for submission of the form is March 30th. The Solid Waste Committee will meet in mid-April to review and discuss the recycling program and the swap requests.

5401 – Consultant. There is a requirement for well monitoring to be done quarterly, and this is an expense the Town must undertake. Mr. Milone noted that no one looks at these reports, and he will be asking to go with a semi-annual monitoring and report.

Mr. Gancarz has looked at the quarterly reports, and the PW Department is considering re-bidding this contract next year. The parameters could be reduced and money could be saved.

It was noted by Mr. Noewatne that there is no bulky waste pickup program included in the department budget.

Mr. Milone commented on the automated recycling program and the 4 months of data that has been compiled. The total reduction in solid waste tonnage from November to February is 37 tons. Mr. Milone advised that without a change in the contract, this budget item would be \$72,000 higher; tonnage costs would have been \$28,000 higher for the tipping fee; and the total savings is about \$100,000. The Solid Waste Committee will have information from A.J. Waste on the amount of recycling tonnage going to the recycling facility.

With regard to the PW Department fleet and equipment, Mr. Noewatne said this would be an issue discussed during the capital budget process.

Road Paving List – this list of identified roads will be submitted to the Council shortly, and contains the information for the road work through the management system. For \$1.5 million the Town can do 7.3 miles of roads.

Mr. Noewatne discussed chip sealing, crack sealing, and paving of roads, and advised that the GIS would identify the best and worst roads in Town. Crack sealing is an important part of the pavement program, and there are improvements in new materials. Recently paved roads will be sealed, as needed.

Regarding Weeks Pond, Mr. Schrumm stated that Stop & Shop should pay for the dredging of this pond. He also asked about Mixville Pond dredging.

The Council was told that one bid was received for just dredging the pond, and the Town is looking to do something similar to what was done at Weeks Pond. The challenge is having enough money to get this work done.

Linear Trail – the information from Milone & MacBroom has been submitted to the State; a public information session must be scheduled.

Mr. Slocum raised the road work program again, 7.3 miles of road, and asked about higher costs per mile versus last year when 13 miles were done.

According to Mr. Noewatne the State bid number has not been released yet, and the roads in Town will be priced with the new number. In the past there was encumbered funds from other capital projects to get more mileage for the road work.

In the past, Mr. Milone said more than \$1.5 million was spent on road work. In the past few years there were two pockets of roads done, and money from closed out bond projects were re-appropriated for road work. He and Mr. Jaskot will review the closed accounts to find extra money for the road projects.

For pot hole requests, Mr. Schrumm asked how this is handled and tracked.

The Council was informed by Mr. Noewatne that there is a “I-Works” system in place in the department for logging in of all requests for work. The secretary takes the call, logs it into the system, and forwards the request to a staff member to handle the request. Once the work has been done, the person who called it in is informed.

PUBLIC

Tim White, 1682 Orchard Hill Road, asked about everything being logged into the I-Works System, a concern not being addressed, and follow up by the PW Department.

It was stated by Mr. Noewatne that everything is logged into the system, and if a service is not performed there must be a good reason.

Mr. Milone stated that a person calling in with a request must be given the expectation that the call will receive a response as soon as possible.

Mr. White asked about new roads and the bond issues, and whether there is tracking of the bond before it is returned.

The bonds are usually two year bonds, and Mr. Noewatne said staff is notified of the expiration of the bond, looks at the road and determines whether the work is done to specifications. Then the bond is returned.

Mr. White asked about tracking of contractors doing the work.

A map of the roads was displayed by Mr. Noewatne, who pointed out the Town's program for road repavement and other work. For example, a road marked in "red" is a road that needs work.

Mr. Gancarz explained that roads are clustered together to save money when doing the contracting work.

PUBLIC PROPERTY, Pages 74 (non-tab book) and 41 (tab book).

This budget has an increase of \$7,000 in salaries, and \$33,000 in non-salary items. Utilities and building maintenance increase by \$36,000. This budget is about \$40,000 less than it was 5 years ago. The maintenance part has stayed consistent. Over 2 to 5 years there has been C.N. R. money used to catch up on building maintenance. The budget decreased due to elimination of one position, with the person transferred to the PW Department.

Page 74 – Mr. Noewatne briefly reviewed the accomplishments for this budget, noting that there were roof projects including the Police Department. There was an OSHA safety violation cited for the PW Garage roof and this work will be done shortly. Energy improvements have been done to the Library and Police Headquarters lighting fixtures, and other energy efficiency work in Town buildings. There are 32 Town buildings and 202,000 sq. ft. of building space.

Page 43, item 5202 – This line item has been over spent in the past; the budget was increased this year to \$91,000.

Page 44, 5302. Utilities, Gas, Heating, Water. A spreadsheet on the utilities will be reviewed with the Council.

Mr. Jaskot said that electric costs may be reduced by \$20,000 to \$25,000 due to blending of the rates. The gas contract will be extended as soon as possible. Oil and diesel bids have been received, with a decision in the next few weeks, and prices may come down. Oil and diesel costs are high now.

5404 – Building Maintenance, \$335,000. In the handout, Mr. Milone stated that pages 2 to 6 detail the repairs and maintenance project requests in Public Property.

Library - \$51,000; Fire House #2 - \$35,000 (new generator); PW Garage - \$10,000 (parts storage shed); Town Hall - \$15,000 (carpet replacement in common areas). The total is \$117,500, and some items will be in the capital budget.

Mr. Sima asked about the air-conditioning request for the Library, and this being part of the technology upgrade projects since this is for the Network Room.

In response, Mr. Milone said this is possible, and noted that these requests are place holders.

4. ADJOURNMENT

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

MOVED to adjourn the meeting at 9:07 p.m.

Attest:

Marilyn W. Milton, Clerk