

MINUTES OF THE CHESHIRE TOWN COUNCIL PUBLIC HEARING HELD ON  
TUESDAY, APRIL 2, 2013, AT 7:30 P.M. IN COUNCIL CHAMBERS, TOWN HALL, 84  
SOUTH MAIN STREET, CHESHIRE CT 06410

Present

Tim Slocum, Chairman; Michael Ecke, Andrew Falvey, Sylvia Nichols, Thomas Ruocco,  
James Sima, Peter Talbot.

Absent: Patti Flynn-Harris and David Schrumm.

Staff: Michael A. Milone, Town Manager; James Jaskot, Finance Director; Gina DeFilio,  
Deputy Finance Director.

Dr. Greg Florio, Superintendent of Schools; Vincent Masciana, Director of Management  
Services.

PUBLIC HEARING SUBJECT

PROPOSED 2013-2014 TOWN OF CHESHIRE  
OPERATING BUDGET; 2013-2014 WATER  
POLLUTION CONTROL DEPARTMENT OPERATING  
BUDGET; 2013-2014 COMMUNITY POOL OPERATING BUDGET.

1. ROLL CALL

The clerk called the roll and a quorum was determined to be present.

2. EXPLANATION OF HEARING PROCEDURE AND AGENDA

3. READING OF LEGAL NOTICE

The clerk read the legal notice into the record.

4. PRESENTATION ON HEARING SUBJECT

Town Manager Milone thanked Finance Director Jaskot, Deputy Finance Director  
DeFilio, Department Heads, Town Staff, Dr. Florio and Mr. Masciana for their work on  
the proposed budget.

Mr. Milone commented on the fact that the taxpayers pay for the salaries and services  
in the Town of Cheshire, and the proposed budget will demonstrate as fully as possible  
how the money is spent.

A Handout on the proposed operating budget was distributed to those present at the  
public hearing. Mr. Milone reviewed the proposed budget.

FY 13-14 BUDGET COMPARISON

Slide #1 –

General Government - \$27,978,500; increase of \$4.92%. This is an increase of \$1.3  
million over last year's budget, and is reflected in pension at +\$375,000 due to losses in  
the stock market in 2008, making up these losses over 5 years. Salaries for town  
employees is increased by \$253,000, 2.07%, and is 19% of the overall budget increase.  
Contractual Services include increases in Solid Waste Contract, \$48,000; Public Works,

\$50,000 for street lights and RWA rate increase; Town Attorney's budget, \$50,000; Chesprocott, \$50,000; Workers Comp (CIRMA), \$67,000; Medical Benefits, \$70,000; Rentals and Leases, \$100,000 for I.T. upgrade and new lines added to the system).

Education - \$64,508,180, +3.21%.

Debt - \$8,068,604, -\$259,748, -3.12%. Debt Service decreases by \$260,000 or 2.12%, and it is projected to decline for the next 2 years, and bottom out at \$7.5 million. In 2017 the Town will start payments on the treatment plant upgrade loan; and will be able to build up the reserve fund. In 6 years debt service will be \$10.3 million, 11.4% of the operating budget; it is now \$8 million.

#### Slide #2 – Tax Payment, Average Taxpayer

For 2013-2014 the average taxpayer with residential real estate assessed at \$228,300, and two motor vehicles assessed at \$8,655, at 28.3 mills, will see a tax increase of \$256, or 3.82%.

#### Slide #3 – Revenue Sources

On the graph, it shows the most significant impact on revenue with the major transfer of PILOT State aid transferred to the tax payers. The graph illustrates a five year trend. Mr. Milone stated that the Town is doing everything possible to maintain services at the least possible cost. Tax revenue is 76% of the operating budget in 2009, and will be 79.6% of the operating budget in 2014. There is a \$4.5 million reduction in State aid, and this is a 2.6% drop in one year, with shifting of revenue to the property tax and other non-tax revenue.

#### Slide #4 – Percent Increase – average taxes vs. CPI

This graph shows, with the exception of 2008-09, the mill rate being consistent steady; CPI average is 2.26; mill rate increase is 1.52.

#### Slide #5 – Multi-Year Budget Comparison FY 13-14; Average Taxpayer Impact

This chart shows the historical information on budget increases over the last 5 years. 2009-2013 the budget increased by \$1.635 million, 1.75%; mill rate increase of -0.07; \$100 average increase, 1.59%.

#### Slide #6 – Revenue Components, Multi Year Comparison

2008-09 to 2013-2014 Five Year Average: Budget increase of \$1.634 million; mill rate adjustment of \$1.256 million; grand list growth of \$513,327; other revenue sources \$161,305. As a result of the governor's budget there is a loss of \$2.4 million in next year's budget from the current year's budget. The \$406,021 number (last column) would be higher except for money being used from the reserve accounts; the amount would have approached \$2 million.

#### Slide # 7 – Revenue Summary

80% of Town revenue comes from property taxes; grants from education are \$2.5 million, 19;83%; PILOT reduction has a loss of \$4.3 million or -81.74%. Mr. Milone

commented on the PILOT payments for towns with a prison (Cheshire) which have generated \$2 million to \$2.5 million in revenue in each of the last five years. If PILOT payments were fully funded they would generate \$4.3 million annually to Cheshire. PILOT programs are not longer funded, and the governor is shifting the aid to education (ECS) funding.

Slide #8 – Revenue Summary – Key Line Items

A 1.07 mill rate increase and grand list growth would generate \$3.4 million in revenue; there is a reduction in State funding of \$2.333 million, which is a -100% variance; Pequot grant reduction is a loss of \$2.4 million, which is a -100% variance.

The governor redistributed the PILOT funding to education. The PILOT payment, which has been in place since 1969, and Pequot payment which is in place for the last 20 years, grant for revenue sharing Manufacturing Transition PILOT is a 25 year old grant, have all been eliminated. The budget implications are devastating. The governor has fundamentally altered the relationship/partnership the State has had with localities going back many years. In his 36 years in municipal government, Mr. Milone said he has seen many alterations to government by a governor, but never has he seen total elimination of programs as is happening now. Unless we are successful in getting our legislators to restore some of these programs, the town will never see these grants again, and this will harm every municipality in the State.

Hold Harmless Grant – this is a filler at \$746,785. The governor identified how much municipal aid Cheshire was getting this year, how much aid there would be next year under his proposal...and whatever the shortfall he decided to fill it with this hold harmless grant. What is not seen is the impact of the shortfall of \$2.1 million. The governor is proposing to give Cheshire \$2.1 million in hold harmless money – local capital improvement money. The problem is that this money is for capital improvements, and he is taking away revenue that could go into the general fund budget to balance the budget. The governor is claiming to make this up with a grant that can only be used for capital appropriations and projects. The problem is that this does not help the town's immediate situation and offset the \$2.4 million in revenue loss. Mr. Milone noted that this money can be used, but only to repay debt for projects which the State has to approve. It could take a few years to even utilize some of the \$2.1 million. The governor has represented his budget as a hold harmless budget and that municipalities are receiving the same funding this year as next year. But, what is not said, is that much of this money is in an account that cannot be used as municipal aid as it has been used for the last 20 to 40 years.

Mr. Milone explained that town administration had to find a creative way to fill the gap as much as possible and one of the ways was to use money from the debt reserve account. When the budget process started there was about \$5.2 million in this reserve account, which has been built up for the time when the treatment plant upgrade payments would have to start. Mr. Milone has suggested to the Council to use some of the debt service reserve now as a filler in this budget to mitigate a larger tax increase. As the money comes in from the State for the LoCIP program, it will be set aside in the

debt service reserve account to replenish the money being taken out, and have it available in 2017 to pay down debt service on the treatment plant, as was originally intended to be done.

Slide #9 – Expenditures General Government

Administration and Finance +\$827,437 (pension, medical benefits, workers comp, I.T. upgrade). Mr. Milone explained that there is \$200,000 to support the technology upgrades and for the consultant. Two positions were eliminated in the I.T. department, which are shared with the BOE, and the decision was made to completely outsource out I.T. program. Another \$100,000 is the result of rentals and leasing of the fiber lines and new connections throughout the network technology between town and BOE.

Public Safety has a major increase of \$121,000; salaries have a \$75,000 and \$50,000 non-salary items; \$15,000 to \$20,000 is for equipment, testing for new hires, and new technology, additional maintenance agreements.

Public Works has an increase of \$147,761; salaries increase by only 2%; Solid Waste increases by about \$48,000; contractual services for RWA user fee increase and CL&P rate increase for street lights is another \$50,000; the balance of the department increase goes towards construction. The reorganization in the PW Department resulted in a savings of about \$30,000.

Police Department – this budget increases by just over 2% as a result of a few expected retirements.

Automated Recycling – without the implementation of this new program, the PW Department budget would have increased by about \$90,000 to \$120,000. The contract is saving about \$80,000, and the reduction in the amount of waste being diverted is \$68 a ton savings. This is expected to save \$30,000 to \$50,000.

Slide #10 – Reserve accounts and residual balances. Mr. Milone stated that the Town of Cheshire is financially strong; there is about \$9.2 million in fund balance or 9.4% of the operating budget; and \$700,000 of this money will be used to balance next year's budget.

Debt Reserve Fund - \$1.17 million was used for next year's budget; \$4.161 balance in the account; LoCIP dollars will replenish the reserve account.

\$500,000 in pension, heart and hypertension and OPEB reserve accounts. The Town's Medical Benefits Trust Fund has a \$1.31 million balance; BOE trust fund has \$2.2 million; there is \$275,000 in unallocated funds in the C.N.R..

Slide #11 – Water Pollution Control Department and Community Pool Budgets

WPCD budget will increase by \$4,426 or .12% in FY 13-14.

Community Pool budget has a decrease of \$10,865 or -1.16%.

These two budgets are a critical part of the operation of the Town.

At the pool, utility costs have been dropping dramatically in the last 2 years; this has enabled the subsidy to decrease; the subsidy will be \$349,000 next year.

Slide #12 – Budget Schedule FY 2013-2014 Budget.

Mr. Milone explained that to the extent possible costs have been kept down while maintaining services. This is a maintenance budget. At the same time there are 8 to 12 important capital projects for the Town, and the driving force for managing these projects along is the operating budget. The operating budget pays the debt service, pays all the employees managing these projects; and out there is \$1.5 million in road improvements this summer; \$2.3 million for the Linear Trail construction; and \$32.1 million for the treatment plant upgrade. The I.T. initiative is in its 2<sup>nd</sup> year with \$1.1 million appropriated which was supported by voters at referendum. The town will be spending \$2.3 million in total on technology infrastructure, and Mr. Milone noted that Cheshire was 20 years behind. There had to be an investment to bring the Town to today's standards. Sidewalk improvements will take place at Town Hall and Town Center; CAD/RMS for police and fire communications system; GIS system will be completely installed by Fall 2013, with accessibility to the tax payers.

Mr. Milone stated that the Town will continue to move forward and money will be used wisely, with creation of nice aesthetic improvements and recreational opportunities, bolstering our infrastructure with the treatment plant upgrade and roads. Mr. Milone advised that in preparation for the budget, he sits and meets with department heads, and there is a review of all services provided and programs offered. They are segregated to try to understand the core services, what services are beneficial to the people in town, what services can and cannot be supported, and reconstruct the budget accordingly. Mr. Milone and his staff do not take the base, assume it is sacred, and then just add 2, 3 or 4 percent to it...and it does not work that way, nor will it ever work that way.

Dr. Greg Florio, Superintendent of Schools, gave a short informational session on his budget which was vetted by the Board of Education. He requested Council support of the BOE budget as submitted by the BOE to the Town Manager. Dr. Florio stated that the BOE budget is an important for our community and the investment made in the education system.

Some educational highlights were cited by Dr. Florio about the school system and student activities and achievements. Last month, Cheshire High School students held an incredible performance of "The Wiz". CHS Robotics Team competed in the FIRST robotics competition in Hartford, with enthusiasm and they worked with their mentors from United Technology, problem solving, working with other schools, competing, and doing things today's adults could never imagine doing as high school students.

On Wednesday, 4/3/13, CHS will host a technology showcase, with 35 teachers presenting what they are doing with technology in our schools, including the bring your own device program, things the school system is doing to enhance technology at a minimal cost. As technology changes we can be flexible, students are bringing their own device...and 10 years ago we were saying money was needed for personal computers...not needed anymore. Dr. Florio said that infrastructure money is needed now, as incredible things are done with technology in our schools. He stated that the most important thing to do right now is to walk through the halls of CHS, talk to a senior as they await college acceptances. Now is the time they make plans for their future; see the investment the town has made in these students for the last 12.5 years; and we have gotten them to the point where they are ready to be successful in their college or career path when they leave the high school.

Dr. Florio requested the Council and community to think about how important it is to invest in education. He understands the Council's challenge in balancing what people want to spend on services and to conserve factors. He asked that the education system be looked at as an investment. Dr. Florio commented on the governor's budget being a message about what he is trying to do...push education reform in Connecticut. And, with education reform comes responsibilities which the school system must accept as they are now law, and must be implemented. There is pressure on the BOE to make changes, and Dr. Florio knows State money has been shifted from PILOT to ECS. But, statewide, school systems must address education issues and reform enacted in 2012. What the governor forgot in 2012 is that the 2010 governor also called it the Year of Education Reform...and implemented another public act which impacts public school and places more requirements in terms of mandates.

In the Cheshire community, out of 169 school systems, Dr. Florio said we spend \$1500 less per pupil, on average, than the state average per pupil spending. For a measure of academic success, Cheshire is at the other end...and is in the top 15% of school systems in Connecticut.

Chairman Slocum thanked Mr. Milone and Dr. Florio for their presentation and comments to the Council.

5. QUESTIONS AT THE DISCRETION OF THE CHAIR.
6. PROPONENTS AND OPPONENTS STATEMENTS ALTERNATELY EXPRESSED.

Tim White, 1682 Orchard Hill Road, addressed the issue of the Public Works Department following through on resident calls for service. He was pleased to learn there is a process in place to accept calls, record the calls, and action is taken in a timely manner. Regarding road improvements he noted that a construction company or contractor has a bond for about 2 years on the road work to insure it is done properly. The PW Department oversees the road work and the bond.

Diane Visconti, 795 Devonwood Drive, commented on the interaction between the BOE Chairman and Council member; the need for the field house/locker room project to go to referendum as this Council sent the pool cover to referendum and it cost much more...the public should decide. Regarding the pool, she questioned why other bubbles in the State did not come down or get destroyed and what could be learned from this. Ms. Visconti questioned why the police contract was voted down as the terms could not have been a surprise since negotiations were going on for a long time, and this seems like a waste of time, money and effort. Her last comment was about technology and global competition changing the playing field for kids. She hoped the Council agreed with her, that the community that adequately funds their schools will not only be doing the right thing by their children, but also enjoy higher property values.

Joe Schmidt, 51 Roxbury Court, raised the issue of the \$350,000 subsidy for the pool for the last 12 years, and said it was originally proposed to be self sufficient. This does not include hidden money when Public Works staff plows roads etc. It should be self sufficient or find a better way to deal with it. In contrast, he said the Library is part of a State consortium with a common card catalog. Cheshire is one of 2 or 3 libraries not open on weekends during the summer, or Sundays during the year, and this is unusual. In speaking with someone at the Library about this issue he said the cost would be about \$30,000 to \$40,000, and the town spends \$350,000 to subsidize the pool which only a fraction of people use. The Library is used by kids, senior citizens, and is the place where people in town gather. It is important to find money in the budget to deal with a small problem, and asked the Council to appropriate money for the Library. Regarding the pool subsidy, Mr. Schmidt recommended the \$350,000 be put aside for school improvements, which is a priority to him. These are things which will make a real difference in education.

Guy Darter, 309 Cedar Lane, talked about the general government side of the budget. He said there was 8.2% unemployment in the State in 2012; there is 8.1% as of 1/1/13; 10 out of the last 12 months unemployment in the State has been higher than in the United States. CPI for 2012 was 2.1%, and the first two months of 2013 it was .07%. There are 250 properties in town which are delinquent on property taxes, and the country and Cheshire are not in good shape. The Town Manager's budget has a 4.9% increase in spending, which is 2 times the CPI for 2012. Mr. Darter said it is hard to justify a 4.9% budget increase in these difficult times. After his review of the budget it is apparent that town employees have an extremely good deal between benefits, salaries and pensions. It is better to be a town employee than a town resident. Mr. Darter commented on the Town Manager doing a fine job overall, but he is too close to town employees in making decisions on their behalf more than on behalf of the town. This is largely due to the hours of part time employees and benefits and part time employees at 20 and 25 hours per week should have hours cut by one hour to cut off benefits and generate savings. He also recommended cuts in the office supplies, Town Attorney, Police Department, Finance Department/I.T., Public Property, and questioned the need for a Town Planner, Environmental Coordinator and Economic Development Coordinator. For Parks and Recreation the summer production was \$282, and in this budget it is \$16,000; there is also \$12,000 for fireworks and the Chamber event. The

Library costs are out of control with salary expenses at \$1.3 million for 15 full time, 16 regular part time, and 8 interim part time employees. This expense is 5% of the operating budget. Parks and Rec budget is \$973,000.

Maura Esposito, 30 Holly Road, thanked the Town Manager and Town Council for their work on the operating budget. She noted that in the last few years everyone has suffered from the economy, and she supports the BOE budget, Library and the many services families in town utilize. In Cheshire, 13% of residents make up to \$40,000; 75% of residents make between \$60,000 and \$100,000 per year. And, 75% of Cheshire families utilize Town services and appreciate what the Town is doing for them.

Chairman Slocum stated that all comments are taken seriously by the Council. Many people use all of the services, and the Council must look at all services and evaluate how to support them. The Council will be looking at the whole budget and ways to decrease the proposed budget.

7. REBUTTAL AT THE DISCRETION OF THE CHAIR.

8. ADJOURNMENT

Chairman Slocum adjourned the public hearing at 8:50 p.m.

Attest:

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Marilyn W. Milton, Clerk