

MINUTES OF THE JOINT TOWN COUNCIL SPECIAL MEETING AND BUDGET COMMITTEE MEETING HELD ON THURSDAY, APRIL 4, 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, Andrew Falvey, Thomas Ruocco, Peter Talbot, James Sima

Absent: Patti Flynn-Harris and Sylvia Nichols

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

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

Mr. Milone reviewed the potential revisions for the proposed FY 13-14 budget as of the April 3, 2013 budget meeting. He noted one change in the debt service reserve LoCIP which should be in the revenue adjustment column, \$500,000. Everything else is identical with the exception of this \$500,000 adjustment under revenue. As a consequence of all that was done at the April 3rd meeting, the budget was adjusted by \$1,904,956; \$1,387,963 is expenditure reduction and \$516,993 are revenue enhancements.

The point was raised by Mr. Falvey that the BOE and Town medical trust fund adjustments should be seen as revenue adjustments rather than expenditure adjustments. The BOE adjustment is partially medical trust fund, retirements and medical expenses.

Mr. Talbot stated that the \$800,000 from the BOE request will be a decision of the BOE on how this reduction is made to their operating budget. It is not a Council decision.

On the Town side, Mr. Milone clarified that we are taking the medical benefits line item and reducing it by \$300,000. There is \$300,000 less in contribution to the trust fund, and this is an expenditure adjustment, and is not money sitting on the revenue side of the budget. The monthly contribution will be \$260,000.

Mr. Jaskot explained that we are not using money already there, but contributing less going forward.

Mr. Milone stated that the trust fund sits outside the general fund.

The Council and staff discussed the transfer of money from the trust fund being revenue versus expenditure.

It was stated by Mr. Falvey that the BOE reduction should be revenue rather than an expenditure, and the \$800,000 should be broken out further. He said that next year the Council did not reduce expenditures by \$1.3 million, but took out money to pay future bills. He commented on there being no difference with the revenue adjustment of \$500,000 from debt service reserve. Mr. Falvey does not see the Council reducing the Town's overall budget by \$1.3 million...he sees it less than that, and enhancing revenue to pay bills.

Mr. Milone cited the medical benefit expenditure adjustment of \$88,946, and stated the \$500,000 Debt Service Reserve/LoCIP is a revenue adjustment...and if it was not, it would greatly distort the debt service line item. This is an unusual situation and his recommendation is to use it as revenue because it is basically replacing revenue lost as a result of the governor eliminating a number of programs.

Mr. Ruocco said this money is an expenditure, with the trust fund being funded at a lower amount, and it is an expenditure reduction.

With the \$800,000 reduction, Mr. Schrumm stated that it is a BOE cut and the BOE will decide where the cuts will be made.

Mr. Milone commented on the Council requesting him to cut \$73,000 from the Town side to get to the \$1.93 million budget adjustment. He cited the following recommended revenue and expenditure reductions for the Council.

EXPENDITURE ADJUSTMENTS	
Salary Adjustment -	\$23,397
Public Works -	\$20,000
Public Property -	\$ 5,000
Overtime -	\$13,000
Finance, I.T.	<u>\$ 1,000</u>
TOTAL	\$63,397
REVENUE ADJUSTMENT	
Parks & Rec.	<u>\$10,000</u>
TOTAL REVENUE/EXPENDITURE ADJUSTMENTS	\$72,397

These adjustments were highlighted by Mr. Milone. There is \$426,667 in the salary adjustment line item which was based on assumptions for non-police unions at 2.5% and police union 2.25%. He and Mr. Jaskot took the value of the police adjustments of \$190,000 and backed it out of the \$426,667, and came up with \$236,000. This amount represents the equivalent of the 2.5% adjustment for everyone else. The Library settlement was a 2.3% and the highest and best offer for everyone else will be 2.3%, a savings of \$23,397.

Public works – highway/sidewalk/drainage account increased dramatically; this is where RWA gets paid from for hydrants, etc. and Mr. Milone is comfortable taking \$15,000 from this line item.

Snow and Ice – reduction of \$5,000. This is the account where salt and sand is paid. PW Director Noewatne asked for a \$7,500 increase. Mr. Milone believes this program is in good shape with the stockpile of salt, and there will be some money left in the account for purchase of additional salt in this year's budget.

Property Maintenance Account – is thin to begin with, and is budgeted at \$200,000 for building improvements. Mr. Milone is comfortable the \$5,000 reduction can be absorbed.

Overtime – reduction of \$13,000. Mr. Milone reviewed every department listed, and marginal cuts were made. If the cuts were any deeper they were below what Mr. Milone thought these departments would spend.

Town Manager - \$500; Town Clerk - \$500; Finance Department - \$1,000; Planning Department - \$1,000; Police Department - \$4,400; Public Safety Commission - \$1,000 (a union employee/staff member is assigned to these meetings and overtime is paid; the commission does not meet as frequently as expected); Public Works Department - \$5,000. The total is \$13,000.

In Parks and Recreation, their revenue was cut back by about \$25,000; their revenue shows a pick up, and Mr. Milone was comfortable adding another \$10,000 in revenue. This is still \$15,000 less than what has been budgeted in the last few years.

For the Information Technology budget there is money budgeted for equipment, and Mr. Milone reduced this by \$1,000. Most of what will be needed in this area will come out of the capital account).

The total is \$72,397. Mr. Milone and Mr. Jaskot took these numbers and entered them into the budget summary.

Mr. Talbot asked about Park and Rec revenue running over the budgeted amount anyway.

The Council was told by Mr. Milone that this budget is running behind what was appropriated, but is not as much as he thought it would; and it is getting closer to what is budgeted, but will be \$15,000 less than what was expected at the end of the year.

Page 103 (non-tab book) Parks and Rec Department. \$410,000 was appropriated for this fiscal year, and in January it was tracking at only \$385,000 in revenue. This is what Mr. Milone recommended for FY 13-14; and it is \$25,000 less than what was budgeted. The department will probably have revenue of about \$395,000, so Mr. Milone reduced the amount by \$10,000 to \$385,000 for the next fiscal year.

Regarding the overtime expenditure adjustment of \$13,000, Mr. Slocum said this is a small percentage of the overall amount. He has looked at the list of people and salaries and overtime, and there are some overtime categories having nothing to do with public safety. This list might involve a reclassification of employee status to a management person with no overtime, but a salary adjustment. He asked about making larger cuts in overtime, a change in paying a person with management responsibilities to a management level and not paying them overtime. Mr. Slocum said that, to him, a management level person getting \$18,000 in overtime requires a huge review of the person's status. Mr. Slocum commented on looking at reorganization of departments and looking at ways to make efficiencies.

Mr. Schrumm questioned the procedure for approval of overtime for employees, i.e. who approves someone working on a Saturday morning for 4 hours.

It was stated by Mr. Falvey that if someone has a job to do in 40 hours and can't do it in that time period, they may be the wrong person for the job. They should not be paid overtime to do their job.

According to Mr. Milone there are two issues – the person classified as being entitled to overtime, and this taking some labor action to change that status. Separate and apart from that, it sounds like a management issue where there could be better control over the use of a person and their overtime is a second issue.

The Council was informed by Mr. Talbot that there are Connecticut labor laws as to what is an exempt and non-exempt employee, and all of what is being discussed requires a look at these laws.

With changes in technology and other changes, Mr. Schrumm asked how to get a department head to cut overtime, and why there is overtime. A reorganization and push could result in reduction of overtime. For the Finance Department, he cited the fact that they have lost employee hours, and when there is extra work the overtime is valid. He asked if this could be stated across the entire organization.

Mr. Slocum stated that his statement about reclassifying people was more supposition than anything else, and he could be wrong about this. To say that the overtime number should be changed to \$35,000 because of possible reclassification is not an informed calculation. It is just a suggestion.

In response to the comments and statements made by Council members, Mr. Milone said that he understands they want more tangible effects from the technology implementation. He will quantify the benefits and find ways to save money. We are in the process of implementation and cannot point to savings now, but will be able to in 6 months. Mr. Milone said he cannot sit here today and tell the Council that certain overtime will go down, until he understands how the technology being implemented will be used. Every year there is a 2.5% salary increase, and you add this onto the overtime costs of \$44,000 of five years ago, and it is now \$50,000. And, the same

work is being done for \$44,000. So, the dollar amount of overtime does not have to decrease to demonstrate the control and utilization of the overtime.

Following Mr. Milone's response, Mr. Slocum said this was fair, and his comments were related to the possibility of reclassifying some people.

Mr. Schrumm commented on the Police and Fire Department providing a detailed list of expenditures from the gift account. He suggested taking money out of the Fire Department operating budget for a reduction.

When he left the meeting last night, Mr. Milone said he was left with the impression that the Council had given him the authority to find the \$73,000 any way he could, and he would utilize his judgment. He did this and felt these revisions were the most prudent ones which could be done, and he respects the fact that the Council is not happy with them. With regard to the Police Department contract settlement in the current form there could be savings in their operating budget. Mr. Milone cannot take the chance right now and state actual numbers and adjust numbers until there is an agreement with the elements hoped for.

The pool subsidy was raised by Mr. Slocum and the fact that we are looking at fully funding it at \$349,000. The operations of the pool are somewhat interrupted, and he does not know if expenses are that much lower. He asked about any potential savings in the pool operating budget this year which could translate into reductions in next year's budget.

Mr. Milone explained that the pool contribution for next year will be \$349,000, less the \$18,000; reducing the subsidy to \$331,000.

Page 191 (tab book) - Mr. Milone pointed out the \$944,787 estimate cost for next year; it is estimated that \$734,646 will be spent; about \$210,000 less than was budgeted. There are no savings to be stock piled for next year because it is assumed the revenue will be equally lower to the point where the Park & Rec Department contribution was increased to offset the shortfall, and build up the fund balance a little bit.

Page 120 (non-tab book) – Summary of the Pool. The subsidy of the general fund was originally \$349,000; and it must be increased to \$423,000 to offset the fact that there will be less revenue projected than estimated expenditures. This also builds up the fund balance for money to be used for next year's budget as well. The Parks and Rec contribution is a little more to the pool, but not the result of under-expenditures, but a higher subsidy.

Mr. Schrumm stated that the Town Manager must tell department heads how much overtime can be spent, and this is all that can be spent.

The Town Clerk's department revenue is up by \$200,000, and Mr. Milone said the increase is due to land record activity. The Town Clerk wanted staff hours increased

by 10 hours a week, and he would not do that. But, he modified the overtime slightly to \$2,500 to support what could be a \$200,000 increase in revenue. The Town Clerk talked about being at the point where all the land records can be put on the system; they can be computerized; and when that happens there will be a significant reduction in the work load for staff. But, we are not there yet, and this will happen sometime in the next year. When it happens it is expected the overtime will go down or be eliminated.

Mr. Milone said he hopes the Council has enough confidence in him for the job he has done with the finances of the Town, and respect the fact that he believes his recommendation is that can be done. If the Council wants him to push the overtime numbers, he will push them. Mr. Milone commented on no one caring more about the finances of the Town than he does, the Town being where it is, financially, because of him. He is troubled by the fact that he sits here getting pounded over the overtime issue. Mr. Milone stated he is respectful of what the Council wants, responded to what they need, and has demonstrated this time after time. We are down to a \$72,000 adjustment, and we are arguing over \$13,000. If the Council wants him to cut more, Mr. Milone asked for direction, give him a number...as he works for the Council. Mr. Milone further stated that we are not dealing with widgets...these are people. And, he must respect the people who work here, as they are good people who work hard.

Stating agreement with all that Mr. Milone said, Mr. Schrumm recognized the fact that no one works harder than the Town Manager. But, this does not go down through the organization. The Council is requesting more reduction in the overtime line item, and he believes this is reasonable.

With regard to the discussion taking place at this meeting, Mr. Ruocco said it should be held in a Personnel Committee meeting for review and discussion. There should be a process looked at for overtime in all departments, and how it is approved. Mr. Ruocco commented on knowing the Town Manager's staff, everyone in Town Hall doing a good job, and the fact that there is only a fixed amount of money out there.

Council Chairman Slocum said he would be satisfied with a meeting to point out things on the salary list, with management looking at the list and the possibility of staff adjustments over the year.

Mr. Falvey noted that we are talking about management and policy decisions which are supposed to be a lead up to the budget, and not the budget decisions which must be made tonight. We have what we have right now, and the Council should work on this, and then decide if things need to be fixed going forward. They will not be fixed tonight or before the Council approves the budget. At this point, he said the reduction in overtime number for the budget is \$13,000.

In looking at the revisions number on the table, Mr. Ruocco said it is \$1.93 million, with a mill rate of 27.6 mills. Medical benefits is a pre-paid insurance for future claims. He

believes these accounts are over funded and will come down, which could get the mill rate down to 27.5 mills. This would be \$282,479.

According to Mr. Schrumm, using more trust fund money is a risk at this time. This year we are in the dark about State aid, and there could be another shortage of \$300,000. To keep the medical expense line item stable could require going back into the trust fund account.

Mr. Ruocco said that more money from the trust fund will leave the Town side with 2.5 months of claims, and the BOE with 2 months of claims.

Page 11 (handout) – There is \$1.6 million out of the debt service reserve account with the expectation that the Town would get LoCIP money to replenish the account. This is a big risk, and some, none or all of this money could be lost. If the LoCIP money is not received, Mr. Milone said we will have to utilize every strategy which has been laid out (page 11). And, he must have a plan in place to address this without going to referendum, which would be a cut back on expenditures.

Mr. Milone explained that he wants the Council to be able to stand up to the people who live in Cheshire who say the Council took a risk. The response can be...we did take a risk...but we have a safety net in the event anything bad materializes.

Based on expenditure reductions of \$1,450,360, and revenue increase of \$526,993, the total revisions amount is \$1,977,353. With these revisions, Mr. Milone said we get an adjustment to a 27.6 mill rate.

Budget Comparisons – 2013-2014

Total Board of Education (less \$800,000) - \$63,708,180, 2.48% increase.

Total Town Government – (less \$653,060) - \$27,328,236, 1.93% increase.

FY 2013-2014

BOE Budget - \$100,330,020

Town Budget - \$1,607,587

This is a total budget increase of 1.63%.

Mr. Milone and Mr. Jaskot will e-mail all the changes to Council members. There is a Council/Budget Committee meeting scheduled for Monday, April 8th, at 6:30 p.m. Councilors and staff will be advised on whether this meeting is needed and will take place.

Insurance Request from Registrars of Voters – The Council was requested by the Registrars to have participation in the Town of Cheshire medical benefits program.

Page 2 (handout) shows the allocation rates for all medical benefits costs. In the least costly plan, Health Savings Account (HSA), the annual cost for single coverage is \$8,261; and the annual couple coverage cost is \$16,700. Employees working 20 or

more hours a week pay 50% of the cost with the Town paying 50%; employees working 25 hours a week pay 25% of the cost with the Town paying 75%.

It was noted by Mr. Milone that the Registrars are salaried, and can work their own schedule...they are not pegged at any set number of hours per week. The Registrars have stated that they average 20 hours a week. For the Registrars to participate in the medical benefits program, their hours would have to be tracked, verified, and annualized at 20 hours per week. At this time there is no hourly work sheet to confirm the 20 hours per week.

Mr. Schrumm pointed out that the Registrars are paid a lump sum; they are totally self managed; and they can work as many hours or fewer hours per week as they wish.

Following the discussion the Registrars' request for medical benefits, the Council decision is that no health care coverage will be offered as the Town cannot afford the cost.

4. ADJOURNMENT

MOTION by Mr. Ruocco; Seconded by Mr. Falvey.

MOVED to adjourn the meeting at 8:10 p.m.

VOTE The motion passed unanimously by those present.

Attest:

Marilyn W. Milton, Clerk