

**MINUTES OF THE CHESHIRE TOWN COUNCIL BUDGET COMMITTEE MEETING
HELD ON TUESDAY, AUGUST 19, 2014, AT 6:30 P.M. IN ROOM 207, TOWN HALL,
84 SOUTH MAIN STREET, CHESHIRE CT 06410**

Present

David Schrumm, Chairman; Thomas Ruocco and Peter Talbot.

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

BOE – Vincent Masciana, Director of Management Services and BOE Chairman Gerry Brittingham.

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. ADOPTION OF FISCAL YEAR 2014-2015 ANNUAL CAPITAL EXPENDITURE
BUDGET AND FIVE YEAR CAPITAL EXPENDITURE PLAN.

Mr. Milone distributed a handout which included Summary of Annual Capital Budget, Projects by Resolution, and Debt Analysis. The information was reviewed and discussed with the Council.

Handout, Page 1 – Revisions to Year #1, FY 2014-2015

- #1 Capital Planning Account +\$50,000 for BOE Facilities Plan
- #3 Technology Reserve Fund, \$327,000 moved to C.N.R.
- #4 Vehicle and Equipment Replacement Fund, reduced to \$230,000
(unmarked CPD car removed)
- #5 Municipal Telephone System, \$200,000 moved from C.N.R. to bonds.
- #10 Additional Fire Aerial Apparatus Truck, \$1,080,000 – Referendum item
- #11 Sidewalk Program, \$200,000, moved from C.N.R. to Bonds.
- #15 Public Works Dump Trucks, reduced to \$190,000 (4 wheel drive truck)
- #23 District Wide Flooring Replacement, \$225,000 moved out of C.N.R.
- #25 Athletic Field Refurbishments-Dodd Middle School, \$125,000 to Bonds
- #27 CHS Locker Room project, \$250,000, Bonded – Referendum item.

Page 2 – CEP 2014-15 Summary of Funding

Projects are broken up into three columns. #1 is projects less than \$175,000 or CNR approved by Council; #2 is projects \$175,000 to \$350,000 approved by Council and are subject to petition (within 21 days) for referendum by Town Charter; #3 is projects over \$350,000 approved at referendum following Town Council and P.H.

Program Element Summary – Five Year CEP

Mr. Milone reviewed the major changes made in the five year plan.

Year #1 FY 2014-15 - \$10,618,000 reduced to \$9,664,000; change of \$954,000; Cook Hill Road project moved out, \$500,000; Public Works Truck taken out, \$205,000; CHS Storage Facility, \$260,000, moved to year #3.

Year #2 FY 2015-16 – Total went from \$15,348,000 to \$16,433,000 +\$1,085,000; the big expense in this fiscal year includes \$2 million added for CHS Cafeteria Project; \$700,000 taken out for Mt. Sanford/So. Brooksvale Road project which was moved to year #3; added in Cook Hill Road Project; removed Building Assessment, \$200,000.

Year #3 FY 2016-17 – increases by \$1.8 million; drivers are \$700,000 Mt. Sanford Road project; CFD Pumping Engine, \$500,000; Building Assessment, \$200,000; CHS Storage Solution Project, \$260,000; and Planning Account, \$100,000.

Handout, page 3b - At the last CEP meeting, General Fund Debt was \$93,047,000. It is now \$94,401,309. Mr. Milone explained that debt service stays constant until 2018 when there is the spike to \$10,670,000. In FY 2019, debt service increases by \$100,000 to \$9,693,000; 2020 it is +\$130,000 to \$9,444,058; 2021 it is +\$200,000 to \$9,416,716; 2022, debt service increases by +\$200,000 to \$9,802,859.

Part of the debt service change is the result of increasing the CHS Cafeteria project to \$3.5 million. After this year debt service is not affected by the CEP because there will be no bonding until February 2017.

Mr. Jaskot explained that in February 2015 there will be a bonding, at 3.25% interest rate. The Town will bond every other year with a 4% interest rate assumption. For FY 2015-16 he footnoted #5 and #6 regarding transfer of money to the debt service reserve fund by the Council. This is related to the savings achieved from the last refunding sale in April, and action must be taken if the Council wants to do the transfer. \$220,000 of the refunding savings was put into debt service reserve.

According to Mr. Jaskot, if nothing is done in FY 2015 budget there will be a surplus of \$231,677 in the debt service line item.

4. SUBMISSION OF RESOLUTIONS TO REFERENDUM AND AUTHORIZATION FOR EXPLANATORY TEST.
5. DE-AUTHORIZATION OF VARIOUS CAPITAL PROJECT BOND APPROPRIATIONS AND TRANSFER OF EXCESS BOND PROCEEDS.

Planning and Zoning Letter from Town Manager Milone to PZC re: 8-24 review.

Resolution #1 – FY 2014-2015 CEP Items #1 through #27.

Resolution #2 – Questions for November referendum.

Resolution #3 – Adoption of the Five Year CEP with detailed department summary.

Resolution #4 – Projects to be de-authorized and/or excess bond proceeds; can transfer money to the CEP Projects; excess bond proceeds of \$449,417.75 applied to various projects that need funding; this reduces bond authorizations on these projects as they do not need to be bonded. C.N.R. Fund Projects - \$53,810.06 to be de-authorized. There was also a community pool project, grant only, of \$27, 036.94; no bond authorization associated with this project, so it will just be closed.

CEP Summary, Five Year Capital Plan – Mr. Milone reviewed the difference between the gross budget and net borrowing.

FY 2014-15 – Town Council recommendation of \$9,664,000; offsets of \$3,086,000; net borrowing reduced to \$6,578,000.

FY 2015-16 – Gross budget of \$16,433,000; offsets of \$3,921,000; net total of \$12,512,000.

Total five year plan \$55,741,000; total offsets of \$13,498,000; net total \$42,243,000.

With regard to interest rates, they are lower now, and being monitored.

The Budget Committee members expressed appreciation and thanks to Mr. Milone, Mr. Jaskot and their staff for their work on the CEP.

Mr. Milone thanked the Council for moving the capital budget process and meetings forward one week to accommodate his vacation plans.

5. ADJOURNMENT

MOTION by Mr. Ruocco; seconded by Mr. Talbot.

MOVED to adjourn the meeting at 7:08 p.m.

VOTE The motion passed unanimously by those present.

Attest:

Marilyn W. Milton, Clerk