

**MINUTES OF THE SPECIAL TOWN COUNCIL MEETING AND BUDGET
COMMITTEE MEETING HELD ON TUESDAY, AUGUST 4, 2015, AT 7:00 P.M. IN
ROOM 207, TOWN HALL, 84 SOUTH MAIN STREET, CHESHIRE CT 06410**

Present

Vice Chairman/Budget Committee Chairman David Schrumm; Patti Flynn-Harris, Robert Oris, Thomas Ruocco, James Sima

Absent: Liz Linehan, Sylvia Nichols, Tim Slocum, Peter Talbot

Staff: Michael A. Milone, Town Manager; James Jaskot, Finance Director; Gina DeFilio, Deputy 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. DISCUSSIONS RE: FISCAL YEAR 2015-2016 FIVE-YEAR CAPITAL
EXPENDITURE PLAN AND ANNUAL CAPITAL EXPENDITURE BUDGET**

Overview

Mr. Milone reviewed the CEP budget document, stating it provides better information for Council decision, contains more narratives, charts and graphs. Financial sustainability is the highest priority. Enhanced communication is also a priority with all publications easier to understand.

There are three major changes in the CEP document -- Policy Issues, Graphs, Charts and Statistics, and Departmental Introductions. The introductions explain the totality of the department request, how things are connected, and year to year changes. Policy guidelines and criteria to establish the succession plan are needed, and good policies and practices help future decision makers. Challenges have been identified for staff and the Council.

Mr. Milone noted the importance of deciding how to use the debt service reserve fund and deal with the upcoming debt spike.

Page 4 - Five Year Capital Expenditure Plan, FY 2015-16 to 2019-20/Program Element Summary -- Year #1 FY 15-16 total is \$14,710 million, net of \$9.9 million; total five year plan is \$54.866 million; net \$42.476 million.

Mr. Milone distributed information on the FY 2014-15 to 2018-29 CEP summary, and the proposed FY 2015 Adopted to FY 2016 proposed budget. This year the total is \$1.723 million less than last year's adopted budget; the goal was 4 years at or below the 4 years from last year. The changes will be given to Council in the next few weeks.

The BOE is requesting less money than in the adopted plan, with some things put into FY 2017-18.

Page 5 - Infrastructure is important and Cheshire has been recognized as a desirable place to live in Connecticut and Money magazines, which cited parks, education, services provided, healthy infrastructure protected and maintained as some reasons for the recognition. Total infrastructure assets are \$270.5 million.

Page 6 - Debt Reserve fund is \$6.1 million; Cheshire has a AAA credit rating; \$860,000 in energy rebates will offset capital costs; \$210,000 to WPCA for new energy saving equipment for the treatment plant upgrade; \$7.2 million claim pending with DOC to recover user fees for the treatment plant. In 2001 debt was 13.6% of the operating budget, and in 2015 it is 6.4%.

Page 11 - CEP Plan Policy is stated. Minimum capital project item is \$110,000 with 5 year life expectancy; some projects are less; some projects are multiple year projects or a long term project is in the last year.

Page 12 - Debt Policy.

Page 13 - Mr. Milone and staff identified issues to be discussed including utilization of debt service reserve funds; referendum limit revision revisited (\$175,000 for a public hearing and \$350,000 for a referendum); pond dredging of 157 ponds, 145 acres, \$35 million to dredge all ponds; Utilization of energy rebate funds; Traffic Calming Measures; Water Main Installation & decision on where mains are appropriate.

Page 15 - Open Space Policy.

Pages 18-21 - Land Acquisition Policy.

Page 25 - CEP 1985-2015 Summary. This page shows the recap of the money spent on projects, major groupings and functions; total of \$294 million; \$150 million was for Public Works projects; \$19 million for open space.

Page 26 - Projected Debt Analysis will be updated to the Council in a few weeks. \$15 million in bonds issued in February 2015 at 2.59% rate; \$700,000 premium to be paid back over the course of the issue which slightly increases the interest rate; refunding sale of \$4.96 million in March 2015; \$253,000 savings resulted with about \$200,000 used for FY 15-16.

Projects in the current five year plan are consistent with the amounts of last year's plan. A new layer of projects will be incorporated into the debt analysis. Mr. Jaskot wants to close out department projects as part of the CEP process, and there could be \$300,000 available from these projects. Page 26 is the debt analysis based on last year's approved capital budget. There is no anticipation of bond issues or refunding in the

near future. With performance contracting initiative there is \$10 million in projects being done, and the benefit is keeping these projects out of the CEP.

Page 27 - Summary of Grants and Other Funding Sources for projects in the five year plan. In 2016 there is LOCIP funding available reducing road projects to \$180,000. East Johnson Avenue project is \$2.76 million, 80% State reimbursement; West Johnson Avenue project is \$3.5 million with 20% reimbursement. The summary states BOE projects with various reimbursement percentages. The projects are bonded for the full amount, with grant proceeds reducing the bond numbers.

Page 28 - Summary of Capital Projects proposed for bonding.

Page 29 - Summary of Capital Projects proposed for cash payments. These numbers will change throughout the CEP budget process, i.e. CPD vehicles are cash payments; longer term projects are bonded; items for referendum (bonded) will be identified if they are over \$350,000.

(Councilor Sima entered the meeting at 7:50 p.m.)

Referendum Projects:

Land Acquisition \$1 million;
Road Repavement Program \$1.75 million; Dump Truck \$375,000;
East Johnson Avenue Project \$2.76 million;
West Johnson Avenue Pump Station \$3.5 million.
Education Projects include Interior and Exterior Code Compliance issues \$1.6 million;
CHS Science Lab Improvements \$200,000(part of long term project w/\$300,000 already appropriated); Window Replacement & Energy Improvements \$250,000. Lavatory improvements district wide \$125,000 this year and \$125,000 last year could hit the referendum limit, unless they are site specific projects.

Page 29 - CNR Summary. These are smaller projects without a long life. CNR contributions have been consistently \$1.1 million each year from the General Fund, and Mr. Jaskot commented on the Council consideration to increase this amount.

Mr. Milone discussed the repayment of the WWTP upgrade project, and the Council's consideration of using some CNR money, i.e. \$500,000 to help defer this debt for a few years. This would reduce the financial burden on taxpayers.

Page 30 - General Fund Debt Service \$6.82 million; information is broken out into categories; \$6.148 in debt reserve fund.

Page 32 - Graph illustrates the prospective debt service analysis; 2015 - 7.3%; 2018 - 9.6%; 2025 - 8.1%.

Page 33 - Infrastructure, Economic, Demographic and Debt Statistics. Service demands change according to the age of population.

Page 34 - Income Distribution 2011-2013.

Page 35 - History of outstanding bond issues - General Purpose, Schools, Sewers.

Page 36 - Debt Statement/Current Debt Ratios/Authorized but Un-issued Debt as of February 26, 2015.

Pages 37 to 39 - Summary of referendum results 1995 to 2014; 91.98% of referendum items approved by voters; \$118.8 in approved referendum items.

Page 40 - \$1 million bond issue amortized schedule at 4% over 20 years.

Finance Department (General Services, Technology)

Administration and Finance - Mr. Jaskot reviewed the department introduction statement for Finance, General Services and Public Property Departments.

General Services - funds activities which benefit more than one specific function or department, i.e. town wide equipment, vehicles, GIS system, studies, cost analysis etc.

Pages 43-46

Finance - the department handles Technology and Revaluation. In October 2013 the Town had a full revaluation process which included inspections, and upcoming revaluation is done without a physical inspection. \$440,000 total cost. The funding includes legal fees and appraisals with \$315,000 in FY 16-17 and \$125,000 in FY 18-19.

Technology Reserve Fund - \$90,000 FY 15-16; \$210,000 in FY 18-19 and 19-20. Total project is \$2.078 million to update technology over four years. Some operating funds are needed for smaller equipment. The Technology Study Committee and technology consultant support funding the replacement of smaller equipment.

Page 47 - General Services.

\$289,000 in FY 15-16 for vehicle/equipment replacement fund; department vehicle replacement requests will be discussed with department heads CEP presentations.

GIS \$110,000 FY 15-16.

Page 64 lists the projects for the GIS; energy costs have been greatly reduced with the GIS system There is a COG plan for all towns to work together for another fly-over.

Page 65 - Capital Planning Account and Building Assessment.

\$150,000 FY 15-16, plus \$50,000 for BOE = \$200,000; \$150,000 in FY 17-18 and FY 19-20.

4. ADJOURNMENT

MOTION by Mr. Ruocco; seconded by Mr. Schrumm

MOVED to adjourn the special meeting at 8:45 p.m.

VOTE The motion passed unanimously by those present.

Attest:

Marilyn W. Milton, Clerk