

MINUTES OF THE SPECIAL TOWN COUNCIL MEETING AND BUDGET COMMITTEE MEETING HELD ON TUESDAY, AUGUST 18, 2015 IMMEDIATELY FOLLOWING THE 7:30 P.M. PUBLIC HEARING, IN ROOM 207, TOWN HALL, 84 SOUTH MAIN STREET, CHESHIRE CT 06410

Present

Chairman Tim Slocum; Vice Chairman/Budget Committee Chairman David Schrumm; Patti Flynn-Harris, Liz Linehan, Sylvia Nichols, Robert Oris, Thomas Ruocco, James Sima, Peter Talbot.

Staff: Michael A. Milone, Town Manager; James Jaskot, Finance Director
Dept. of Education - Vincent Masciana, Director of Management Services

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. RECAP AND DISCUSSIONS RE: FISCAL YEAR 2015-2016 FIVE-YEAR CAPITAL EXPENDITURE PLAN AND ANNUAL CAPITAL EXPENDITURE BUDGET

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Mr. Milone explained there is \$200,000 in the CEP for various Town building improvements.

FY 2016-17 - Library Ramp and Steps, \$135,000; PW Garage drainage issues, \$145,000; Town Hall Window Replacement, \$500,000 is in FY 2019-20. Capital Planning \$150,000 was moved into the "General Services" section of the CEP.

Miscellaneous

\$800,000 from Performance Contracting Project - Mr. Schrumm asked if this money could be used for other projects. For the \$206,000 from WWTP rebate, it is assumed this money will stay in the WPCD budget. Mr. Milone said the energy money could be used for anything.

There was a brief discussion on having a Planning Committee meeting to determine use of the \$800,000; use of this money for the management systems or other projects going forward; and the listing of projects will be ready for the August 25th meeting.

Regarding the energy projects, Mr. Masciana pointed out some (boilers) are slower pay backs, and others (windows and building management systems) are quicker pay backs, and he will have the BOE list ready for the Council.

Mr. Milone advised that he met with Town Engineer Gancarz and they identified about \$350,000 to \$360,000 worth of projects at the pool for which this money could be used.

For the record, Mr. Schrumm stated that the WWTP money stays in the WPCD enterprise fund; savings from the performance contracting can be used for the pool; and a list of other projects will be available.

Mr. Masciana stated that the actual payment of the cash from the performance contracting would not occur until all projects are completed. Most of the money comes in the form of a bonus payment, and it would be smart to pick the items to be done, Ameresco completes the projects, and the Town has money at the start of the new year.

If nothing is left on the list of proposed projects to be done, Ms. Flynn-Harris said this can be closed and the Town gets the money.

Regarding the PW Garage drainage pipe issue, Mr. Sima asked if there are DEEP issues and landfill issues, and asked this be checked out.

Mr. Milone said the East Johnson Avenue Bridge has a revised estimate, and it is \$365,000 more than projected. At the August 20th meeting, Mr. Gancarz will be present to review things with the Council, and this project is 80% reimbursement eligible. Bond proceeds information and cancellation of C.N.R. projects will be reviewed with the Council. Mr. Milone and Mr. Jaskot are trying to free up as much residual money as possible, and it should be about \$300,000 to \$400,000 combined.

August 20, 2015 meeting - review of revised debt analysis and update; CWF Grant and loan information; water main colored map; resolutions for Council review. Mr. Milone stated that there is disappointment with bond counsel and the inadequate wording on the prior referendum questions. The FY 2015-16 referendum questions will be ready for Council at the meeting.

CEP Book, Page 46 Technology Reserve Fund - Mr. Sima questioned the \$200,000 being a capital budget item versus operating budget item, and placement of this in the appropriate budget. He commented on truck purchases, and if the Town is bonding money for 20 years on a product with a life expectancy of 7 or 8 years.

Mr. Milone said this depends on the type of equipment purchased. There is a plan to replace obsolete equipment; some of the equipment is not, specifically, capital in nature; and we must be judicious going forward that the equipment is capital in nature. Most of them will be capital needs, but maybe not all.

With regard to technology and bonding for 20 years on a product with less life expectancy, Mr. Milone said the answer is "yes"...it is traditional to go out 20 years with bonds. Bond counsel and financial advisor have supported this as it is not uncommon. When you blend all that we have in terms of life expectancy they feel it is defensible. The life expectancy issue can be explored and will be looked into. He said we take the gross amount of dollars spent on infrastructure, spread it out over 10 years; and the key is to prepare so in 10 years another \$3 million does not have to be spent.

Mr. Jaskot said dealing with technology numbers is new, and money is not used for licenses, just for new equipment.

In the operating budget, Ms. Flynn-Harris said the licenses are moved over, as they are legitimate renewable items on a yearly basis.

Mr. Milone said it belongs in C.N.R. and would crowd out other things, but should not be bonded.

Questions were raised at the last meeting regarding CPD vehicles and equipment and Chairman Slocum asked if this has to change...the way the capital budget is done...the way it is bonded.

Mr. Jaskot explained that department vehicles are paid out of C.N.R.; larger dump trucks have been bonded, and have a longer life. Every time bonds are issued, bond counsel and financial advisor look over the items for consideration of 5, 10, 20 year maturities. Going forward with shorter term items, i.e. technology, they should be considered.

The Council was told by Mr. Milone that there is caution to use C.N.R. for projects with shorter life expectancy, 5 years, i.e. CPD cars.

Page 26 CEP Book - Debt Service Projections. Mr. Jaskot expects the interest rate assumptions to stay at 4%. Mr. Schrumm raised the issue of debt service changes in the last few years, reductions and increases in debt service in coming years.

With regard to debt service, the Council discussed how to address the spike in 2018, the use of 6.1 million in the debt service fund, keeping bonding level at \$7.4 million or drop to \$7 million in the next operating budget. In 2018 debt service jumps to \$10.6 million, an increase of \$3.2 million from 2017. Using debt service funds for payments, by 2020 the fund will be out of money. The question is how to use the debt service reserve for the spike.

Mr. Milone informed the Council that he hopes to have a plan in place before the end of this calendar year. He said a decision on debt service takes effect whether or not debt is consistent or reduced, and whether C.N.R. is directed towards debt service. We want to mitigate the spike but not use all of the reserve fund. The best thing is to level it gradually over many years. There is a healthy fund balance and some of this money could be used to augment the reserve or mitigate the debt service. The fund balance is at 9.4% of the operating budget, and pockets of money can be available and tapped, keeping the surplus at just above 8%.

That would be a good decision, and Mr. Oris commented on the need to find ways to address capital needs, generate more revenue, have quality economic development to add to the grand list, and reduce the burden on the tax payers.

Mr. Milone reported that the Economic Development Commission is working on new initiatives for economic growth and development, land acquisition changes, how to use land acquisition funds. Decisions are needed.

The Council members commented on the need for more commercial and industrial economic development for Cheshire, and inviting EDC members to meet with Council for a comprehensive review. It was agreed something must be done to bring younger families and more businesses into Town, find ways to grow the grand list, keeping the integrity of the community, promotion of the Town's assets, finding ways to finance major projects without additional burden on taxpayers.

West Main Street Project - there is a \$500,000 STEAP grant, \$350,000 from the capital budget, and the new STEAP grant awards have not yet been released. This project may start; \$350,000 must be committed from bond proceeds. Ms. Flynn-Harris commented on the sidewalk project, and looking at ways to better spend this money.

Mr. Milone stated that he is uncertain the STEAP grant funds can be used for property acquisition.

4. ACCEPTANCE AND APPROPRIATION OF A \$10K BRIGHT IDEA GRANT AND A MATCHING DONATION FROM EVESOURCE TO PURCHASE LED BULBS TO DISTRIBUTE AT THE FALL FESTIVAL.

MOTION by Mr. Schrumm; seconded by Mr. Talbot.

BE IT RESOLVED, that the Town Council approves Resolution #081815-1

RESOLUTION #081815-1

BE IT RESOLVED, that the Town Council approves the use of the \$10,000 Bright Idea Grant as accepted and appropriated on February 10, 2015 for the purchase of 4,000 energy-efficient LED light bulbs to distribute to Cheshire residents at the Fall Festival per the recommendation of the Energy Commission; and,

BE IT FURTHER RESOLVED, that the Town Council also accepts a matching donation from Eversource which will enable the Town to acquire a total of 8,000 LED light bulbs for distribution to Cheshire residents at the Fall Festival.

Discussion

Mr. Milone reported there would be 5 light bulbs per household; any left over bulbs would be distributed for use in Town and BOE buildings.

Mr. Talbot, liaison to the commission, stated they are working out the details for the distribution process.

VOTE The motion passed unanimously by those present.

5. **ADJOURNMENT**

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

MOVED to adjourn the special meeting at 9:22 p.m.

VOTE The motion passed unanimously by those present.

Attest:

Marilyn W. Milton, Clerk