

MINUTES OF THE CHESHIRE TOWN COUNCIL PUBLIC HEARING HELD ON
TUESDAY, MARCH 29, 2016 AT 7:00 P.M. IN COUNCIL CHAMBERS, TOWN HALL,
84 SOUTH MAIN STREET, CHESHIRE CT 06410

Present

Council Chairman Robert J. Oris; Vice Chairman Paul A. Bowman; Councilors Michael Ecke, Patti Flynn-Harris, Liz Linehan, Sylvia Nichols, Thomas Ruocco, Timothy Slocum and Peter Talbot.

Staff: Michael A. Milone, Town Manager; James Jaskot, Finance Director;
Dept. of Education - Supt. Scott Detrick; Chief Operating Officer Vincent Masciana;
BOE Chairperson Kathy Hellreich

PUBLIC HEARING SUBJECT MATTER

**FY 2016-2017 GENERAL FUND OPERATING BUDGET,
WATER POLLUTION CONTROL FUND OPERATING BUDGET
AND COMMUNITY POOL FUND 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 stated that this was a challenging budget, more so than past budgets. He cited the reasons as being the bad cycle with the State of Connecticut cutting municipal aid in the last 9 months, and the reality that this will continue. The Town cannot rely, with certainty, on promises of municipal aid for this year and going forward. The biggest concern for Cheshire is to make sure there is protection of its assets and reserves as safety nets to offset future State cuts.

In FY 2017-18 The Town has a large debt service, the first year of repayment of the State loan for the treatment plant upgrade. There is a balloon payment with accumulation of interest from the start of construction to completion...a spike of \$3.6 million in debt service. Mr. Milone stated the Town has been preparing for this debt spike by putting money aside in reserve accounts, and it had an impact on development of the FY 2016-2017 budget. There is money in the pension reserve account to reduce pension costs. This is the same with the medical benefits trust fund, which has \$2.9 million, with \$100,000 being used for the 2016-2017 budget. There have been rebates for many energy initiative projects, with a significant amount still available which have not been used. The Fund Balance is the Town's reserve account which will not be used, but preserved. The WPCD reserve account is healthy and at times money is taken from this budget to offset the debt service associated with their projects, and this year its use was minimized. Mr. Milone stated that the Town has tried to preserve all

its reserve accounts and not use them to the extent of use in the past to bring down the budget increase and mill rate increase.

Mr. Milone reviewed the General Operating Budget.

Mill Rate Increase - proposed mill rate is 3.169 mills; mill rate x \$1,000 of assessed value = taxes. Average Cheshire home market value is \$303,900; 70% assessment is \$212,730, on which taxes are based; assessment divided by \$1,000 = \$212.73 x 31.69 mills = \$6,741.41 in taxes.

Average Taxpayer Tax Payment FY 2016-2017 - taxes on real estate - \$6,741; taxes on two (2) motor vehicles - \$553; total taxes of \$7,294, an increase of \$230, or 3.26%.

EXPENDITURES

General Government - total increase of \$1,303,936.

Personnel increase \$411,918, 3.12% with most increases in the salary and overtime accounts.

Pensions \$256,697, 10.53% increase. In 2008 there was a significant hit in the pension plans; the loss for the Town and Fire Department plans has been made up, with Police Department fund still being paid to meet the actuarial required contribution. The interest rate on the plans was dropped by 1%; \$75,000 to \$100,000 from the pension fund is usually used for the budget, but will not be used this year.

Leases - \$143,011, 42.92%. The Town purchased the streetlights last year; there will be savings over 5 years of \$100,000 a year; when lease is paid savings will be about \$200,000 annually; this is the first year of payment for the streetlights.

Medical/Life Insurance \$292,310, 9.185%. Last year the budget used \$300,000 from several accounts; this year only \$100,000 is being used.

Heart and Hypertension \$200,000, 133.33%. This is similar to workers compensation. Police Officers hired before 2005 suffering from heart or hypertension after hiring receive this special benefit. It is more generous than workers compensation; there is no insurance coverage for this benefit; it is all self insured; and the Town has a current significant large claim.

Expenditures General Government - total for FY 2016-2017 budget is \$30,766,132, an increase of \$1,527,442, or 5.22%. The increase in components are: Administration and Finance - \$951,666 increase, 8.11%; \$740,000 is the increase in medical benefits, pension fund and workers compensation account.

Planning and Development - \$543,569, 1.86%.

Public Safety - \$156,263, 2.31%; for the Fire Department there is elimination of one position. Police Department increase is in salaries; 3 positions were funded for half year in FY 2015-2016, and are fully funded for 12 months in FY 2016-2017 budget, increase of \$75,000 in the CPD budget. There is a small increase in overtime due to State mandates for the Dispatcher position, training of police officers to assist with Dispatcher duties with higher certification.

Public Works - \$232,093, 4.28%; there is an increase of \$40,000 in RWA rates, A.J. Waste contract +\$36,000; new Mechanic position \$30,000 for half year funding.

Social Services - \$34,405, 4.09%; increases result from expansion of programs for the Senior Center; \$15,000 salary increases for position changes at Senior Center for Social Worker, Program Supervisor and +7 hours for Dispatcher, all fully funded annually in 2016-2017. Senior population (over age 60) has increased by 40.7% in Cheshire...4,552 senior citizens in 2006 to 6,404 in 2016.

Cultural Services - \$50,071, 2.62%; salaries and program materials for the Cheshire Public Library.

Leisure Services - \$71,531, 4.53%; Parks and Recreation Department request for one Maintainer position with half year funding of \$30,000.

Public Health - \$21,504, 4.7%; this funding is for Chesprocott with Cheshire paying 50% of the operational costs, an increase of \$1.00 per capita for enhancement of the I.T system, and Campion Ambulance contract increase.

REVENUES

Mr. Milone reviewed the areas of revenue and FY 2017 increases.

The mill rate adjustment of \$2,672,526 and grand list growth of \$729,798 = \$3,402,324.

Municipal Revenue Sharing Account (State funds) - \$855,170. Mr. Milone explained that in a few years the State will limit municipal budget growth to 2.5% and motor vehicle limit to 29.6 mills. In the last 10 years Cheshire had budget growth by 2.5%, with a smaller mill rate increase due to significant amount of non-tax revenue. With the limit on the motor vehicle mill rate Cheshire would lose \$550,000 in revenue.

The tax incentive repayment of \$300,000 is from Alexion Pharmaceuticals leaving Cheshire before fulfilling its 10 year obligation under the tax incentive program to maintain its business in Town.

Education Cost Sharing ECS Grant has a \$156,820 increase.

FY 2017 decreases are: Streetlight Rebate of \$175,000; PILOT payments of \$245,912 and \$220,553; Building Fees of \$424,021 W.S. Development. The Municipal Sharing

Account funding of \$855,170 is further reduced by the decreases in PILOT payments of \$466,465.

Revenue Summary - shows the distribution of revenue into various categories...Taxes, PILOT payments, Town Departments, Grants to Town and DOE.

Fund Equity is the reserve account (9%); each year \$700,000 of this fund has been used as revenue in the budget, reducing the impact on taxpayers in terms of the mill rate. Mr. Milone explained the surplus last year was \$1.1 million; the Council decided to transfer some of this surplus, \$350,000, to the debt service reserve account. This is just a transfer of surplus through the General Fund; the appropriation side of the budget is increased by \$350,000, and the revenue side is increased by \$350,000. The net effect is \$350,000 less in revenue, but also have \$350,000 less in expenditure.

Multi-Year Budget and Mill Rate Comparison - Mr. Milone cited the fact that the average budget growth over 5 years have been 2.03%. The 5 year average has been a 1.48% increase in tax increase on the average taxpayer. One accomplishment for the Town Council is keeping the budgets low, mill rate increase as modest and affordable as it can be, and maintain or enhance services.

Multi-Year Budget Revenue Comparison - there are variables in non-tax revenue, mostly from the State municipal aid. In FY 2016-2017 other revenue is \$253,513. The budget is balanced on the mill rate increase and grand list growth.

COMMUNITY POOL BUDGET - Total revenue increase - \$73,296, +8.8%; the pool is going from a 10 month operation to a 12 month operation; total budget for FY 2016-2017 is \$902,823, which is \$82,000 less than the 2009 budget; the General Fund subsidy this year is \$215,000; in 2012 the subsidy was \$459,000. The pool no longer has recurring expenses, i.e. bubble going up and coming down, and utilities are more efficient, less costly and controllable.

WPCD BUDGET - this budget increases by \$25,300, 3.7%; the plant upgrade was \$32 million including phosphorus treatment; there is a \$10 increase in the user fee; next year it is hoped the WPCD budget reserve account will grow. The Town would use at least \$150,000 more from this budget to transfer to the debt reserve account to help with the spike in debt service for the plant upgrade.

Budget Schedule - Mr. Milone reviewed the schedule of upcoming meetings, public information session on April 5th. He commented on the fact that this budget is a proposed budget; it is subject to Council changes, with adoption of the budget on Tuesday, April 12th.

Major Projects - both Infrastructure and Operational Projects were listed, totaling \$54 million.

Debt Schedule Borrowing for Capital Projects FY 2016-2020. Column 1 states existing bonded debt; column 2 shows unissued debt for existing capital projects; column 4 is

the estimated CWF debt for the WPCD plant upgrade. For the CWF loan the lump sum payment includes the interest charged from start of construction to completion, \$3.559 million. Debt service goes from \$6.8 million to \$10.477 million, an increase of \$3.64 million.

Reserve Account Fund Equity - \$9.1 million; 8.64% of the estimated operating expenditures; debt service reserve account \$6.498 million; \$2.9 million in the medical benefits trust fund; WPCD fund has \$.721M.

Cheshire has maintained its AAA credit rating.

DEPARTMENT OF EDUCATION

Supt. Scott Detrick and COO Vincent Masciana were present for the BOE budget presentation.

Supt. Detrick presented the FY 2016-2017 BOE Budget.

BOE Budget is \$70,507,957 - an increase of \$2,186,756 or 3.20% over FY 2015-2016 budget. This is the lowest percentage increase in the last 4 years coming from the BOE. The FY 2014-15 budget increase was 3.61% and included implementation of full day kindergarten in the school district. The proposed budget is a maintenance budget, with increases in the salary line items, medical benefits, and a few additions. Supt. Detrick stated the budget sustains excellence in education, maintains programs, and introduces World Language in Kindergarten and Grade 1. The language program was included in the budget following a study by a task force.

Student Enrollment - The data shows a decline in student population; current enrollment is 4,360 students; projected enrollment is 4,290 students, 70 less students; and the budget is based on this enrollment number. There is a facilities study ongoing which includes enrollment data, and some of it is contrary to the NESDEC projections. Mr. Detrick reviewed the grade levels for which enrollment decreases, noting Dodd Middle School will decrease by 49 students, and district wide decrease will be 70 students. There is a reduction of two (2) elementary teachers in the budget.

Chrome Books are purchased for students in grades 9 to 12; and this year 6th graders and middle school students will have chrome books; grant funds have been used for this purchase; 7th and 8th graders receive recycled chrome books.

RAM Band Uniforms - there is a \$60,000 allocation in the budget to purchase band uniforms (jacket, hat, plume) and color guard uniforms to replace 20 year old worn out uniforms. This year the Band has 105 members + 20 Color Guard members.

Elementary World Language Instruction - The BOE proposes to introduce world language instruction (Spanish) in the elementary schools, phased in over six (6) years, at a first year cost of \$6,800 for curriculum and supplies.

A task force was formed in 2014/2015 to study all the options for the world language program. A recommendation was made to the BOE for the program, and it is included in the proposed budget. The reduction in two teaching positions (retirees) will pay for the initial program. 60% of school districts in our DRG-B have world language programs, and 100% of school districts in DRG-A have language programs.

Estimated cost summary for world language program, implementation of Spanish in Kindergarten and Grade 1, year #1 - \$166,800; through to total implementation to year #6, Grades K-6, the cost will be \$838,970. It is expected there will be a reduction in classroom teachers during this time frame due to declining enrollment. At Cheshire High School, 46% of junior and senior students take world languages; 61% of seniors graduate with 4 years or more of world languages. In Glastonbury CT, 93% of the seniors graduate with 4+ years of language, and 315 students graduate with 2 languages.

Key Details of the Budget - Mr. Masciana reviewed the details of the BOE budget, FY 2016-2017.

Salaries - 61%; \$43,205,756

Benefits - 17%; \$12,259,570

Support Services - 10%; \$6,691,870 (includes pupil transportation)

Instructional Services - 7%; 4.9 million (2% for special education costs, outsource tuition and support services; maintenance/operations \$3.4 million; 41% for utilities/heat)

Per Pupil Expenditure - Cheshire spends \$14,346; State average is \$16,424; Cheshire ranks 125 out of 166 school districts for pupil spending.

ECS Grant - \$9.5 million FY 2016. Net per pupil cost, less ECS, = \$12,246; #2 in the DRG-B.

Town Manager Milone reduced the BOE proposed budget to \$1.9 million. These reductions include medical benefit coverage based on better than expected claims, workers compensation reduced premiums, reduction in pension contributions, and payments for energy performance contract.

Per Pupil Expenditures - For FY 2014-15 the per pupil cost in Cheshire was \$14,346; State average was \$16,424; difference of \$2,078. Cheshire ranks 125 out of 166 school districts in per pupil spending, and performs in the top 20% of Connecticut schools.

Detail of Budget Increases - \$2,186,657.

Salaries - \$1.318 million; 3.51% increase (includes tutoring by certified staff, instructional assistants special education); 78% of the increase is for salaries and benefits.

Benefits - \$361,467, 3.04% increase.

Support Services - \$269,256, 4.19% increase (includes \$100,000 for ChromeBooks)

Instructional Expenses - \$146,108, 3.07% increase; \$80,000 for special education and \$60,000 for Band uniforms.

Maintenance and Operations - \$91,347, 2.73% increase.

Medical Benefits - 17% of the budget; Workers Comp./Unemployment \$30,000 increase. Medical Plans//dental, \$2.9% increase \$269,480; 51% of employees are in the HSA.

Medical Trust Fund - monthly contributions of \$582,640; 2015 claims \$645,781; contributions \$604,000; the trust fund is growing again and is at \$1.4 million.

Health Care Reform Act - the plan is in place this year and meets the federal criteria; as of July 1, 2016, 95% of employees must be offered adequate and affordable insurance that cannot exceed 9.5% of wages paid. There is a significant penalty if this criteria is not met. Cadillac tax delayed to 2020.

Special Education Costs - the number of special education students is increasing; next year the district will have 510 special education students; 24% of the total budget or \$17 million is for special education costs; this includes costly outplacement for some students.

Maintenance and Operations \$3.4 million; \$1.707 million for building maintenance, repair, utilities etc. 41% of this budget item pays for utilities, heating etc.

Ten Year Facilities Master Plan - this plan is underway now, and it will state how to improve and modernize the school buildings going into the next decade. Student enrollment is projected to decrease until 2020 when it will start to increase due to economic improvements, new housing, turn over of existing houses to families with school children.

Cost Saving Measures - Supt. Detrick reviewed the cost saving initiatives ongoing in the school district, i.e. energy savings, reduced utility costs, consortium purchasing.

Supt. Detrick commented on the community support, involved parents, excellent educators, and great students that make up the Cheshire Public School System.

5. QUESTIONS AT THE DISCRETION OF THE CHAIR.

6. PROPONENTS AND OPPONENTS STATEMENTS ALTERNATELY EXPRESSED.

Derf Kleist, 251 Lancaster Way, submitted information on the State's 5 year contract and retirement increase, the 2011 and 2012 data of 0% increase for employees, 2013-2015 increase of 3%, contributions to the retirement health insurance fund, resulting in a total increase of 1.2% for each of the last 5 years, without a 2016 increase. He distributed information on Social Security.

Debra Nowicki, 7 Dover Court, represented the CHS Band Parents Association, and requested the Council approve the purchase of new Band uniforms for the RAM Band and Color Guard. She advised that the current uniforms are 20 years old, are threadbare, undergo constant repair, and are falling apart. Band is now a class at

CHS; there are more girls and Freshman students in the Band than in prior years needing uniforms. Next year the Band will have 125 members. Each year the parents group holds fundraisers to supplement Band operations. The per uniform cost would be about \$30 per student. These uniforms are "military style", well made and will last for many years.

Cindy Kleist, 251 Lancaster Way, requested that some of the Fire Department budget requests be put into the 2016-2017 budget and not pushed out into other years, due to old equipment needing replacement. She talked about a consortium for the treatment plant and phosphorus, Wallingford CT undergoing an I&I study for +\$7 million rather than a new treatment plant, the big problem in Cheshire being the prison and her suggestion they have their own treatment plant. Ms. Kleist asked about a reserve fund for pensions, the police officers handling Dispatcher work, and Cheshire joining Wallingford for one dispatching center.

Mr. Milone advised there is a significant amount of assets in the pension plans, close to \$70 million. He stated the police officers were required to undergo professional certification for assisting with the Dispatcher responsibilities.

Ms. Kleist state Cheshire is a good school system, nothing should be cut from the BOE budget. She asked why the assessment is only 70% of market value and not 100%. Ms. Kleist stated the trend is towards higher density condos, and cited the I-691 area land which could be developed, and not ruin the rural character of Cheshire, and the need to market the Town.

The assessment used to be 60% and Mr. Milone said with fluctuation in values it was raised to 70%, as there could be years with property a higher market value. 70% protects the likelihood that the market value will be lower than assumed, it is more fair, and takes out the volatility.

According to Ms. Kleist the electric rate in Wallingford is 8cents per kwh, while Eversource is 12 cents per kwh.

Guy Darter, 309 Cornwall Avenue, stated his support for the new uniforms for the CHS Ram Band, and said it is a necessary expense. He also supports introduction of world language in the elementary schools, which will be \$900,000 in 6 years. There are 5 languages offered in the junior and high schools, and it could be reduced to 4 languages to pay for the elementary world language program. With regard to the Town budget, Mr. Darter commented on the 3 new positions proposed, the Town hiring but never cutting positions, and salaries and benefits increasing 10% each year. He is not seeing physical growth in the Town, questions why more people should be hired. Mr. Darter questioned whether the Linear Trail expansion and 2 bathrooms necessitates a new employee, or if a new person is needed for the web site, tweeting pictures etc. He thinks these positions are unnecessary in the budget. He asked about the new PW Dept. Mechanic position taking up half the work that is out-sourced, stating someone should be brought in to do double the work.

Chairman Oris clarified that the Town Council does not dictate how and where the BOE spends its money. The funding is provided to the BOE, and how they spend it is their decision. Mr. Oris commented on being surprised the Band uniforms have not been replaced in 20 years. Stating the Council has some difficult decisions to make, Mr. Oris said it will do its best to maximize things for the entire community.

David Schrumm, 369 Sir Walter Drive, commented on the BOE per pupil spending being the same for many years, and spending money does not have much to do with a good education. 70% of the Town budget is spent on education. Peak enrollment was in 2004-2006; enrollment is down 184 students today; the BOE is spending \$70 million compared to \$49 million with enrollment down 17.1%; spending is up 42.3%. NESDEC projects enrollment decreasing by 600 to 700 students in the next few years. According to Mr. Schrumm, contractual obligations are self imposed due to contracts the BOE negotiated, the Town Council ratified. This is a rigged system without changes; BOE employee numbers have not changed; enrollment is down while staff increases; and this must be changed. Mr. Schrumm pointed out an unseen cost being the pension plan. He noted the biggest plan/obligation is the statewide certified teacher pension plan which is seriously under-funded and billions of dollars in the red, with State taxes having to increase in order to fund this plan.

Mr. Schrumm stated Town Manager Milone and the Town Councils have done a good job for Cheshire's financial plan to be in good shape, and Cheshire is one of the most financially solvent towns in the State. However, this will not last with what the State has waiting for towns. Mr. Schrumm supports the funding for Band uniforms.

7. REBUTTAL AT THE DISCRETION OF THE CHAIR.

8. ADJOURNMENT

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

Attest:

Marilyn W. Milton, Clerk