

**MINUTES OF THE CHESHIRE TOWN COUNCIL SPECIAL MEETING AND BUDGET COMMITTEE MEETING HELD ON MONDAY, APRIL 3, 2017, AT 6:30 P.M. IN ROOM 207-209, TOWN HALL, 84 SOUTH MAIN STREET, CHESHIRE CT 06410**

Present

Budget Committee Chairman Timothy Slocum, Michael Ecke and Sylvia Nichols.  
Council Members: Chairman Robert J. Oris, Jr.; Vice Chairman Paul A. Bowman; Jeffrey Falk, Patti Flynn-Harris, Thomas Ruocco, Peter Talbot.  
Staff: Michael A. Milone, Town Manager; James Jaskot, Finance Director; Gina DeFilio, Deputy Finance Director; Walter Gancarz, Town Engineer.  
Dept. of Education: Supt. Jeff Solan; Asst. Supt. Shawn Parkhurst; Vincent Masciana, Chief Operating Officer; BOE members Ms. Fabiani, Ms. Harrigan, Ms. Hellreich.

**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. DISCUSSION RE: PROPOSED FISCAL YEAR 2017-2018 OPERATION BUDGET**

Town Manager Milone distributed information for review with the Council and those present at the meeting.

FY 2018 Budget Analysis/Potential Revisions

Proposed Increases

General Government -	\$ 718,140
Education -	\$1,435,778
Debt Service -	<u>\$ 437,589</u>
<b>TOTAL -</b>	<b>\$2,591,507</b>

Budget Adjustment Items

Reduction in increase to \$2.0M - \$591,507 reduction; reduced M.R. 0.218; 1.312 M.R.increase; Budget Allocation Reduction - Gen.Govt. \$180,350; DOE \$411,157.

Reduction in increase to \$1.75M - \$841,507 reduction; reduced M.R.0.309; 1.221 M.R.increase; Budget Allocation Reduction - Gen.Govt \$256,575; DOE \$584,932.

With a budget reduction of \$1 million, the range of increase is from 4.21% to 3.02%.

The total reduction/cut between General Government and Education is based on the traditional percentage of the gross total.

Budget Allocation Reduction - Education 69.51%; Town Government 30.49%.

Reduction in increase to \$2 million: Education \$411,157 budget allocation reduction;  
Town Government \$180,350 budget allocation reduction.

Reduction in increase to \$1 million: Education \$1,106,257 budget allocation reduction;  
Town Government \$485,250 budget allocation reduction.

Mr. Milone stated that there are some savings (non-education or town government) areas that would not harm the reserves.

Water Pollution Control Department (page 2, 4/3/17 handout) - Town Engineer Gancarz presented an analysis of the WPCD commercial sewer use rate revisions.

Residential Flat Rate is \$400; average is 266 gallons per day usage, or 97.090 gallons per year, or 129.8 CCF. Using this number it converts to \$3.08 CCF for the rate applied to commercial properties water usage.

WWTP Flows 2017 - Commercial = 223.0% of plant flow; Prison = 26.6% of plant flow; Residents = 50.4% of plant flow.

Revenues - Commercial = \$673,194.86, 19.4%; Prison = \$741,383.37, 21.4%; Residents = \$2,046,613, 59.2%.

This analysis indicates residents are paying too high a portion of user fees associated with WPCD, and more of the financial load should be shifted to non-residential users.

Proposed Adjustments - the commercial rate would be \$3.77/100 CCF.

Commercial would increase to \$825,079 (\$151,895 increase).

Prison Complex would increase to \$908,381 (\$166,998 increase).

Total revenue generated: \$318,893; which can be used towards debt service for the WWTP upgrade.

Comparison to other Towns - Cheshire has a flat residential rate of \$400.

Southington flat rate for well \$400; metered rate \$3/100CCF; Meriden \$434 resident, increasing to \$528; Wallingford \$435 for well rate and \$507 for metered rate.

Cheshire - Based on the current rate a commercial user at 1000gpd = \$1,496; at \$3.77 per 100CCF, the user fee would be \$1,839.

Wallingford commercial rate is \$2,069; Meriden is \$1,854; Southington, \$2,299. Even with a rate adjustment, Cheshire's rate is 10% to 15% lower than surrounding towns.

In the last 10 to 15 years water consumption decreased by 1% a year. Mr. Gancarz recommended the rate adjustments for commercial users as it is more equitable with the residential users. There are 440 commercial users, and the top 50 were cited in his analysis. The Council was informed by Mr. Gancarz that the statewide report and analysis on users and flows will be coming out this year.

In looking at this analysis, Chairman Oris said it does justify some form of increase in the commercial sewer user fee, particularly since Cheshire's fee is below surrounding towns. At a 23% increase the Cheshire fee would still stay below other towns, and our treatment plant has been upgraded.

Mr. Slocum asked about residential users staying at the \$400 fee, and if the WPCA plans to increase the fee this year.

### PUBLIC

Cindy Kleist, 251 Lancaster Way, said the prison is the largest user, and asked what happens if the prison was told to go on its own and dispose of their waste.

In response, Mr. Gancarz said that is not a good idea, as the plant infrastructure is built out with 500,000gpd from the prison, which is 26%. Without this flow the town loses money, and with the adjustment the town will get a fair revenue from the prison flow. There are two (2) meters at the prison that measure the flow.

Other Potential Budget Adjustments - Mr. Milone reviewed potential adjustments.

WPCD - with a 23% increase in revenue this generates \$324,549.

WPCD Fund Balance - projected to end FY 2016-17 with \$972,000, after using \$200,000 to pay for debt service, already built into the budget. Another \$50,000 or \$100,000 can be taken from WPCD fund balance for debt service.

The use of more WPCD fund balance and the rate conversion are not one-time revenues.

Capital Non-Recurring (CNR) - 2018 utilization of \$1.1Million from CNR; recommendation to use another \$250,000 from CNR for debt service and bond projects.

Handout, Page 2 - \$1 Million bond issue amortization schedule; over 20 years interest at 4%, total cost \$1,436,859.

Mr. Milone commented on Council and staff looking at ways to bring down the cost of the budget and lower mill rate, without sabotaging the BOE and Town Government and level of services.

General Fund Equity - another \$100,000 can be used; the fund balance is at \$9.8 Million; the Town must maintain an 8% fund balance; \$200,000 has already been used from fund balance for debt service and factored into the budget; \$900,000 of fund balance has already been used this year; we are looking at using another \$100,000 from fund balance, and maintain a 9% balance.

Tax Collection Rate and Debt Service Reserve - were not calculated into the revisions.

**Total revisions - \$774,549.**

Handout 4/3/17, pages 8 and 9 - Use of Debt Reserve; Page 8 shows debt service over 4 years.

Page 9 - Debt Reserve Distribution - 5 years vs. 4 years; FY 2022 shows increase from prior year of \$1,767,402.

Budget Allocation Reductions - Mr. Milone reviewed the options for a budget increase of \$2 million down to \$1 million. In each scenario, the \$774,549 total is used, and the budget increase is shown.

Budget reduction increase to \$2 Million - 1.14% increase; revised mill rate of 32.22; average taxpayer impact is \$7,480 taxes, +\$230, 3.17% increase.

\$1.75 Million is .90% increase; revised mill rate of 32.13; average taxpayer impact is \$7,459 taxes +209, 2.88% increase.

\$1 Million is 0.21% increase; revised mill rate 31.85; average taxpayer impact is \$4,398 taxes +\$148, 2.03% increase.

Doomsday Options and gross amounts were reviewed by Mr. Milone. They included the following:

WPCD Fund Balance -	\$ 150,000
30% WPCD rate increase -	\$ 430,303
CNR-	\$1,100,000
Tax collection rate+.1% -	\$ 86,000
General Fund Equity -	150,000
Debt Service Reserve	\$ 471,000 (revised allocation)
Solid Waste Collection -	\$1,109,305
P.W. Construction -	\$ 50,000
Park Concerts -	\$ 35,000
RWA Haz. Waste -	\$ 23,000
Police/Fire Gift Fund	\$ 180.000 (utilization)
Further Staff Reductions	
Further Gen.Govt/Educ. Reductions	

Gross Total -	\$3,825,108
Less previous adjustments -	<u>774,549</u>
NET ADDITIONAL SAVINGS -	<b>\$,3050,559</b>

Mr. Milone commented on these being the range of things to be considered with the \$3.5 Million teacher retirement pension contribution mandate from the State.

Handout 4/3/17 page 10 - Mr. Milone reviewed the FY 2018 potential general government revisions that included the following: Medical Benefits Trust Fund, Pool Subsidy, Workers Comp. Savings, Campion Ambulance, Personnel Revisions, Various Department Reductions, Various Revenue Enhancements.

Education - arbitration award \$250,000; tuition increase of \$41,000.

Mr. Bowman asked if there are any layoffs planned for town government with the proposals presented.

At this time, Mr. Milone said "no", but it will depend on going deeper into reductions of \$1.5 million down to \$1 million.

Mr. Bowman asked about dormant accounts for past building projects that might not be closed out.

It was explained by Mr. Milone that for any accounts with borrowed money the funds cannot be taken into the General Fund. With CNR balances in projects, the funds can go back into the General Fund. Some CNR funds were used for the CHS Concession Stand project, \$290,000, and \$250,000 was used as a safeguard to balance the budget.

Mr. Ruocco asked about the top 50 commercial users for WWTP, and asked about Cheshire Village.

Mr. Gancarz said these are the rentals; there are 50 individual units billed for sewer use at the flat residential rate.

Mr. Bowman noted these rentals are fixed by HUD.

#### PUBLIC

Derf Kleist, 251 Lancaster Way, asked if the numbers are pre or post arbitration.

Mr. Milone replied the numbers are not factored in; the total was \$248,000.

Cindy Kleist asked why not just raise the mill rate by 2 mills.

Mr. Slocum said this would be taken into consideration.

Mr. Talbot asked about a response from the Town Attorney regarding the multiple budgets, and re-doing a budget based on the teachers retirement contribution mandate.

This information will be provided by the Town Attorney this week. Mr. Milone explained that the Council has the authority to issue a supplemental tax bill. The question is whether a referendum is required. Can the Town issue a supplemental tax bill, increase the budget appropriation, which would be over \$400,000 and force a referendum. The question is what happens if the referendum fails to pass. Mr. Milone advised that Attorney Smith is trying to understand whether the language in the Town Charter requires a referendum in this situation. Another concern is the adoption of a bottom line budget by the Council, and if it can be adjusted. In the Charter, funds can be frozen, and this might be the alternative to actually reducing the BOE budget. There are unanswered questions now, along with referendum information.

Mr. Talbot talked about the budget adjustment options, and if they take into account the other potential adjustment of \$774,549.

The \$774,549 is taken into account, and Mr. Milone cited a \$2 million budget increase, less the \$774,549 = \$2,774,549 budget adjustment option.

Mr. Talbot said he is trying to get to the lowest number on the BOE and see where the BOE would be with a reduced budget, \$1 million increase.

Chairman Oris noted that none of the reductions on the town side talk about specific reductions.

On the BOE side, Mr. Masciana said the increase in the pension contribution is not factored into the submitted budget. The BOE budget is the one adopted by the BOE.

Supt. Solan stated that the list of potential budget reduction areas is done without the numbers. A low reduction impact is \$25,000 or less; medium impact is +\$25,000 but less than \$100,000; higher impact is +\$100,000. Supt. Solan commented on the DOE being a lean organization, with adjustments of staffing ratios, insurance, supplies, activities, sports teams, transportation, building maintenance, staff reductions for non-certified staff across the board, increase in average class sizes to 19.1 students, 6 elementary teacher reductions, early dismissal 1 day per week, reduce medical benefits trust fund by \$74,431, reduce music, theatre, clubs, field trips, reduce student activities and stipends. Increase CHS parking fee to \$175; increase athletic participation fees, increase school walking zones.

Mr. Slocum stated this list assumes there is nothing in the operating budget to be reduced, i.e. increases in staff, coaching, school counselors.

In reply, Supt. Solan said there is a compelling argument for mental health staff, and Cheshire is the lowest in DRG-B and needs are significant. When the budget is finalized the BOE will look at staffing areas.

Mr. Slocum said there is lots of faculty in the system, and he questioned the listing of 6 elementary teachers based on enrollment, curriculum and tweaking the budget.

According to Supt. Solan the elementary listing is based on student enrollment; curriculum is always being evaluated; and staffing is as efficient as it can be.

Mr. Masciana advised that this year the Technical Assistant position was vacated and will not be filled.

The cost of the 6th grade Spanish program was raised by Chairman Oris.

It is net zero, and Supt. Solan explained that library staffing is reduced to provide Spanish; it is a .3 net increase.

Mr. Ecke said it is not net zero, as there is a reduction of staffing and rearrangement of staffing.

Chairman Oris asked about the implementation of the 6th grade Spanish class and putting it aside.

It is 1.4 teachers and Supt. Solan said the library staffing cannot be taken away without being replaced with something, and without Spanish, there must be payment for the Library staffing. It is  $\$60,000 \times .3 =$  net cost of \$20,000.

For the Spanish program, Ms. Nichols said there is just addition of teachers.

Supt. Solan said for the Spanish program there would be hiring of 1.4 teachers, and instead the BOE is reducing Library staff.

Chairman Oris talked about the staffing levels, 626 to 631 this year, and adding 9 Instructional Assistants (I.A.) and asked why.

The Council was informed by Supt. Solan that there is an influx from the Fall from students with IEPs moving into the district. 13 new I.A. staff have been hired as the IEP plans call for I.A. support, and these personnel have been hired throughout the year for one on one coverage for students with high needs.

The pre-k program funded to be funded by the State and future costs to the Town was raised by Mr. Oris.

Supt. Solan said this program is funded 6 years out, with the money coming from the tobacco settlement. Cheshire will receive some funding for the next 6 years for this program, and after 6 years Cheshire will have to fund the program, which is expected to be a mandate.

BOE Chair Heilrich stated that after 6 years if the grant is gone, and the program is not required or mandated, there will be no effect on kids in the program as they will be going to kindergarten the following year. The program can be dropped without affecting kids.

There is significant interest in the community for this program, and Supt. Solan said it would be in competition with other day care facilities. The State funding could cover two classes of pre-k programs. There is capital money provided for updates to the school facility as part of the grant.,

Ms. Flynn-Harris asked about the I.A. positions due to specialized education plans, 2 education staff resources in the budget and if they are certified or I.A. staff.

Supt. Solan said after the Council appropriated money last budget year, the BOE evaluated student needs and added 2 special education positions for the Bridges

program. The BOE could not find programming for special education to the standard needed for the students, and economically reasonable. It was more cost effective to build an in-house program and the Bridges program was created. Supt. Solan said this is the 2nd year of this program; it is still more cost effective to retain staff than outplace students; especially now, without State reimbursement of excess costs.

Ms. Flynn-Harris asked about the Technology Coach, and asked if the coding etc. is integrated into the classroom.

Supt. Solan said coding, etc. is integrated into the classroom now, and they are a more central part of the educational experience, and the position is shared across four schools.

Mr. Bowman questioned the quality of service implemented by staff being the same as in the professional market place.

The belief is that it is better, and Supt. Solan said people from other school systems have inquired about how they could send their students to the Cheshire Bridges and Transitions program through Quinnipiac University. Supt. Solan said Cheshire students would not be declined for outside students with revenue. Next year there could be one outside student in the Quinnipiac program. The Bridges program specializes in anxiety; there is not the full array of mental health issues brought in; it is relative to social, emotional anxiety. The school system tries to exhaust all options within the school system for students. A variety of no restrictive environment is tried; if a student is not finding success in the general education classroom they might have a more restrictive classroom setting; ultimately, there is consideration of outplacement programs for a child that is tailored for that child's unique needs. Besides the outplacement for the student, there are also transportation costs for the student.

A question was raised by Mr. Bowman about reimbursement to the Town from family medical benefits covering some of the costs associated with these programs.

Supt. Solan advised that some of those options are being pursued. The process for the medical billing becomes very costly, and returns would not offset the cost. The DOE is in the process of exploring with ACES a centralized methodology where local districts pay a share of the medical billing expenses and then reap the full reimbursement benefit.

Mr. Bowman asked about an increased liability for the BOE to be dealing with mental health issues, and a catastrophic event not being properly addressed. He noted that a professional would have liability insurance to cover such a case.

The Council was told by Supt. Solan that any agreements entered into for students outside the Cheshire system go through a contract process with the special education attorney. Supt. Solan noted that the BOE or Town can be sued by anyone outside the district.



Ms. Nichols asked how many students are in the program and if the school system is seeing more students with these issues.

There are five (5) elementary students in the Bridges program, and Supt. Solan said it is a growing issue in our youth population and society, and it is reflected in the school age population. This is why the BOE decided to task youth and social services. Supt. Solan commended Human Services Director Michelle Piccerillo and her staff who provide counseling support to the school system.

Ms. Nichols also asked about help for parents and families to get outside help and provide services for their children.

There is recommendation for outside help for families, but Supt. Solan said the BOE does not promote any particular group. They point people in the right direction. He said there is an incredible decline in resources for these services.

Mr. Talbot cited the revenue page of the BOE budget, which is divided into State of Connecticut, Tuition and Other Sources. On the tuition side, he asked about tuition Humiston and Tuition pre-school...and if this is all money coming from the State.

Mr. Masciana stated that tuition pre-school is parents paying in for the Darcey reverse mainstream program; Birth to Three is a medical insurance reimbursement program.

Supt. Solan explained that with the Birth to Three program the district must medically code all the services provided to these children. A good portion of the reimbursement is through medical billing and DOE has one person dedicated to this work.

For the Humiston tuition, Mr. Masciana said there were students from another district, but they are now gone.

Mr. Talbot asked who sets the tuition rate, the last time rates were increased, and if an increase in rates is a possibility.

Supt. Solan advised that an annual tuition rate is set for an out-of-town student. Rates for the transition program or Bridges program are done in direct consultation with Chris Brown, PPS Director. The costs associated with a program are looked at, along with comparable community based costs for such a program...and a tuition rate is set for unique programs. There is also an average flat out-of-town tuition, and it is rare for an out-of-town student to pay tuition to come to Cheshire schools.

The issue of when the last rate analysis was done was raised by Mr. Talbot. Birth to Three for FY 14-15 was \$355,877; appropriation for FY 16-17 and estimated FY 17-18 is the exact same number. He said this rate has not changed.

Birth to Three is dictated by the State, and Supt. Solan said integrated pre-school is also set by the State. Beyond the pre-school program the BOE sets the tuition. BOE is looking at providing tuition based services if the in-house capacity is not met.

Mr. Slocum had a question on the federal and state grant revenue, and how this is applied and worked through the budget.

This is IDEA money and it is the greatest source of revenue, \$934,944, and Mr. Masciana said it is for special education services...primarily teachers and I.A.s. The staff costs are charged directly to the grant budget; it is not reflected in the BOE budget; they are direct cost offsets. If a teacher is paid from the IDEA grant, it is not seen in the BOE operating budget, but is reflected in the grant budget. If the grant goes away, the \$1.2 million falls into the operating budget or other decision are made.

Mr. Slocum asked about the estimated value for 2016-17 is the same as projecting for the coming year, and if BOE is confident it is not dealing with offsets or operation decreases.

In response, Mr. Masciana said the BOE is comfortable as possible that federal grants will not be cut.

Mr. Oris asked if there are any non-mandated increases to positions, new salaries for new positions, increases in hours to positions, other than the Spanish program, and mandated I.A. positions.

Mr. Masciana said there are none, other than the positions talked about in the budget, and the I.A.s for special education.

Chairman Oris asked for a listing of these positions for the Council...mandated positions being looked at...and, Guidance Counselor, Social Worker at the middle school, Technology Coach.

Mr. Masciana will e-mail this information to the Council.

Chairman Oris thanked Supt. Solan, Mr. Masciana and BOE staff for their attendance and input on the BOE budget.

Town Manager Milone and the Council talked about the \$3.5 Million teacher retirement pension contribution mandate, and this also being a BOE issue.

Mr. Milone said there are people on the education side, in Hartford, who do not agree with the town's legal position. The concern is that people in Hartford think the town is wrong, and that is the challenge. The BOE could be compliant, and agree, or not be compliant and force agreement with the cuts. The town is absorbing the BOE's problem of \$3.5 million, and sharing it, not imposing it on the BOE exclusively. This year the BOE bottom line was not reduced by the Council, but an amount of expenditures were frozen. The Charter says this can be done. The statutes are not so clear on this. As a last resort, the Town Attorney has said this can, likely, be done again. Mr. Milone said the magnitude of it would be greater, and generate a push back.

Mr. Ruocco asked about the supplemental tax bills going out, without a referendum.

Mr. Milone said if it has to go to referendum, is rejected...what does the Town do.

Chairman Oris said these decisions drive where the Council is going in the next few days.

There was a brief discussion on there being a pension and non-pension budget, and the number to be used in the two budgets. What has to be considered is the number the Council plans to pass along as a tax...\$3.5 million of current programs cannot be cut from the budget.

For the Public Information Session on April 4th, Mr. Milone will do a short power point presentation on three options for the Town and BOE reductions. Without inclusion of the arbitration numbers, the distribution is about 30% Town and 70% BOE. The \$774,549 will be added to the increase numbers.

#### **4. ADJOURNMENT**

MOTION by Mr. Bowman; seconded by Mr. Talbot.

MOVED to adjourn the meeting at 8:55 p.m.

VOTE           The motion passed unanimously by those present.

Attest:

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Marilyn W. Milton, Clerk