

MINUTES OF THE CHESHIRE TOWN COUNCIL SPECIAL MEETING AND BUDGET COMMITTEE MEETING HELD ON MONDAY, APRIL 10, 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 and Sylvia Nichols.

Council Members: Chairman Robert J. Oris, Jr.; Vice Chairman Paul A. Bowman; Jeffrey Falk, Patti Flynn-Harris, Peter Talbot.

Absent: Michael Ecke and Thomas Ruocco

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

Dept. of Education - Vincent Masciana, Chief Operating Officer.

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 the handout for 4/10/17 with information for review with the Council.

Handout, Section 1 - Education information. E-mails between Supt. Solan and Town Manager Milone regarding the teachers retirement pension contribution as an account within the BOE budget and how the expenditure would be funded; notice of non-renewal letters to all 1st, 2nd, and 3rd year non-tenured teachers(65 teachers); BOE action to be taken at April 20th meeting; salary total for 65 teachers is \$3,093,054.

Sections 2-1, 2-2, 2-3 Non-education budget revisions and details. This section is a summary of everything the Council has discussed and supported to this point in time.

Section 3 - Summary of position adjustments (Town).

Section 4 - FY 2018 Budget Analysis and Mill Rate Impact.

Section 5 - General Government, Open Items for Discussion and/or Adoption (including Electronic Media Coordination-Contractual).

Sections 6-1 and 6-2 - Breakdown of Parks and Rec Department programs for FY 2017-2018.

Sections 7-1, 7-2, 7-3 - Elderly Tax Relief Program Costs. History of the program 1998 to 2016. These sections contain information on the elderly tax credit program which Council has discussed relative to increase in credits within a range of 1% to 5%.

Credits for each income bracket, number of eligible seniors in the brackets, total cost of each bracket, and total cost of the program are detailed.

Current cost of \$479,165 for the tax credit program; 499 participants (down from prior years); 1% increase would be \$4,791.65 for a calculated total cost of \$483,956.87. 5% increase would be \$23,961.26 for a calculated total cost of \$503,123.48.

Section 7-2 shows the actual dollar benefit to eligible participants based on the 1% and 5% increase in the tax credits; there is no increase in the income brackets.

Section 8 - Police and Fire Department responses to Elim Park calls.

Section 9-1 - Use of Town Vehicles Policy; departments authorized for employees to have take-home vehicles.

Section 9-2 and 9-3 - Use of Town Vehicles Policy for Protective Services Personnel.

Section 9-4 - Listing of CPD vehicles, names and rank of Police Officers using the vehicles.

Sections 9-5 and 9-6 and 9-7- Use of Town Vehicles Policy for Non-Protective Services Personnel; listing of Town vehicles, name and department of employees using vehicles. Mr. Milone noted that the vehicle for Parks and Recreation Director is likely to be eliminated, and vehicle for Parks Foreman position is eliminated.

Section 9-8 - Employee Mileage Stipends as of January 1, 2017; Federal/IRS mileage allowance is 53.5 cents per mile. Listing of monthly and quarterly employees receiving a stipend costs are cited in this section.

Mr. Milone explained that CPD and CFD employees with take home vehicles have safety equipment in the vehicles for their immediate response to an emergency situation. These cars cannot be taken out of state.

Mr. Milone reviewed each section in greater detail.

Section 2-1 Budget Revisions as of 4/5/17 meeting - General Government adjustments total \$581,613

Section 2-2 Potential Budget Revisions - Expenditure decreases/(increase), items 1 to 13 total \$100,498.

For the Tax Collector and Tax Assessor Departments, there is one position eliminated, and one position is job-sharing between the two departments.

The position of Electronic Media Coordinator is removed from the budget.

Parks and Rec Department consolidates Deputy Director and Director positions, with elimination of the Deputy Director position.

Items 14-16 are changes made to bring down debt service.

Item 14 - WPCD +\$100,000 taken from the fund balance.
Item #15 is restructuring commercial sewer use fee program.
Item 16 - CNR \$250,000 additional funds for the budget.

The position of Electronics Media Coordinator for one-half a year (\$32,100 + \$8,987 benefits) is removed from the budget. There is a \$35,000 recommendation for this position, on a contractual basis.

Town Clerk's Office - Mr. Talbot asked about the money the department has collected over the years, some of which is earmarked for document preservation, and if there are restrictions on the use of these funds.

Mr. Milone explained this money is to be used for Town Clerk Department expenses, such as training, conferences, overtime. \$5,500 can be removed from this department.

With the Town Clerk as an appointed position (rather than elected) and a department head, Mr. Talbot asked how the budget addresses this.

Mr. Milone said the department budget is status quo; nothing in this budget has changed yet. The salary of the position will be based on Council approval, and the date of an appointed Town Clerk would be January 1, 2018.

Mr. Talbot asked about tax incentives and tax abatements, and when they would be due.

In replay, Mr. Jaskot said they are already built into the grand list with no adjustments in the budget.

Regarding take home vehicles, Mr. Talbot asked how many are in the BOE budget.

Mr. Masciana replied that there are no BOE take home vehicles. However, Supt. Solan, Asst. Supt. Parkhurst and Mr. Masciana receive stipends for use of their personal automobiles.

In Section 2-2, Ms. Flynn-Harris noted the adjustment of \$23,000 to the Town Attorney line item, and asked if there is anything else to be looked at.

Mr. Milone stated there are no other large adjustments, and everyone has been forced to do more with less.

Section 2-3 - Summary of budget adjustments needed to balance the budget in line item detail. Revenue adjustment of \$233,015; \$42,000 BOE and \$191,015 Town.

Section 3 Position Adjustments - 2 frozen Police Officer positions; Library has 1 Associate position frozen; Parks & Rec has Foreman and Deputy Director positions

eliminated; Finance has reductions in work hours for Acct. Clerk in Tax Collector Department and Assessment Tech in Asses

Additions - Sr. Library Associate increased hours to 30 per week;
Tax Collector Clerk +5 hours a week;
Parks and Rec Dept. Program Coordinator increase to 19 hours per week.
Net reduction of 179 hours out of the budget, and 4.85 FTEs.

Section 4 - Budget Adjustment Options between Town and DOE.
In #2, #3, #4, #5...each one is reduced by an additional \$250,000;
General Government is .3049%; Education is .6951%.

Mill Rate Impact - The Council reviewed and discussed the options.
#1 budget reduction of \$591,507 (plus other adjustment of \$674,549) is a total adjustment of \$1,266,056; mill rate increase of 1.06 mills; revised mill rate 32.25 mills; cost to average taxpayer \$7,488; increase in taxes of \$238 or 3.28%.

#5 budget reduction of \$1,591,507 (plus adjustment of \$674,549) is a total adjustment of \$2,266,056; mill rate increase of 0.79 mills; revised mill rate of 31.89 mills; cost to average taxpayer of \$7,406; tax increase of \$156 or 2.15%.

Section 2-1 shows the revenue enhancements totaling \$191,015; contract adjustments are not recorded in the budget revisions.

Mr. Masciana stated that \$42,704 is included in the BOE budget and has not been taken out.

The number of \$774,549 was cited by Mr. Oris as the assumption in the budget.

It was explained by Mr. Milone that \$100,000 in revenue (in Section 2-3) reduced this number to \$674,549; General Fund Equity had an adjustment of \$100,000. For #24 there is a reduction in medical/life insurance of \$100,000.

Section 4 - The BOE has \$250,000 added back into its budget from the teachers' contract arbitration award.

The Council looked at option #4, budget reduction of \$1,341,507; Education share would be \$932,482; Town Government share of \$409,025.

In looking at the elderly tax credit program, Councilors discussed a 1% increase in the credits. Mr. Talbot recommended that this credit increase be equal to the percentage tax increase. For example - 2.71% tax increase would mean a 2% increase in the elderly tax credits. Mr. Bowman agreed with this proposal. Mr. Oris supported the proposal to a maximum of 3%.

Section 5 Open Items for Discussion and/or Adoption - Ms. Talbot reviewed the recommendation for the Electronics Media Coordinator on a contractual basis. She spoke with Apex Technology, and their proposal has a range of \$5,600 to \$8,000 per month depending on the range of services and time involved. This equates to \$67,200 to \$96,000 annual expenditure. One half year at the lowest end would be about \$35,000. with no benefits or other cost factors involved.

For the numbers cited, Mr. Oris said he would not support these costs for an outside contractor, and other contractors should be pursued for these services. Mr. Oris knows the web site is a large piece of the work along with other elements, and asked for staff to look at other companies that provide the required service.

With an outside contractor, Mr. Milone believes there will be times when I.T. work is neglected.

Mr. Oris would support \$20,000 or lower for this line item in the budget.

Stating he has supported the position expenditure, Mr. Milone hoped for someone to start in October, get the web site up and running. The \$35,000 would carry the work out 8 months, and the person would also train staff so people have the elementary skills for the web site.

Mr. Flynn-Harris said that with a contractual agreement, the Town calls for service, not a person, and she would support \$25,000 to \$30,000 for a contracted media technology service.

With regard to Apex designing the Town's web site, Mr. Slocum asked about having someone to perform tasks and manage the web site.

After the web site is designed, Ms. Talbot advised there is no one on staff capable and with the knowledge to post things on the web site, and a consultant would have to get to know Town staff.

Mr. Bowman commented on problems with messaging being out there in the right format.

There is interpretation and judgment, and Mr. Milone said people are making information about policies that are incorrect and contrary to Town policy.

For the DOE, Mr. Masciana advised that there is a person in charge of the web site, who is a BOE employee (Superintendent's Assistant), and the back up person is the Office Assistant. The middle school and high school secretaries manage the school web sites, but there is no Facebook or social media involvement.

In that regard, Mr. Milone noted there are 14 Town Departments, while there is consistency with the DOE web site.

The Council discussed the expenditure amount which it could approve for the technology contractor. The amount of \$25,000 annually was the consensus of the Council for the technology contractual service.

Library - the position of Senior Library Associate is frozen for two months, and there was discussion to freeze the position for one year. Mr. Oris asked about the other Senior Library Associate position frozen for one year.

The Council was informed by Mr. Milone that the Library has lost 40 staff hours in the last year. He backed up the Director's request for a 25 hour Library Associate increase in hours to 30 per week. This position covers all the desks, handles more duties than other staff with lower classifications and it is a union position. Ms. Burkey wants the frozen Senior Library Associate position funded for 10 months of the year.

Mr. Oris commented on the Library having 33 people on its staff, and it is the largest Town department. He is not interested in filling the other frozen position.

Ms. Flynn-Harris stated her agreement to add 5 hours to the Senior Library Associate position due to the other position being frozen. She said the frozen position could be off the books.

There is opportunity for savings in the budget up to \$50,000 and Mr. Oris believes the Library can get by with 33 people.

Mr. Milone expects there will be more vacant positions upcoming, and he has tried to consolidate where possible. He said Ms. Burkey wants to reclassify the position of Deputy Director and this has not been approved. This year the Library fines were reduced in order to get back unreturned materials and books. The "fines" line item revenue is reduced to \$24,000 for FY 2017-2018, a revenue loss of \$17,000.

The Council discussed the Senior Library Associate position and approved freezing the position for one year.

Public Works - increase of \$7,800. Director Noewatne, \$5,200 and Town Engineer Gancarz, \$2,600 for additional supervision of the Parks Division coming into the PW Department.

Mr. Milone noted that Mr. Gancarz is also Deputy PW Director and Operations Manager, and is reducing his work week to 3 days. Therefore, his increase could be \$1,768. For the Highway, Sidewalks, Drainage section of the PW budget (\$15,626), Mr. Milone is reducing it by \$3,000 to \$12,626.

It was stated by Mr. Oris that no one needs more money for additional roles, and there is not much more responsibility in PW Department, and these people are well paid now. He said the 4 new Parks Division crew members will not require too much managerial

responsibilities, and the more immediate supervisor will have increased duties. Mr. Oris supports an increase for the two supervisors.

The Council was told by Mr. Milone that Mr. Noewatne is taking on more of the Parks Director's role and will handle Parks and Rec situations and issues. He wants Mr. Noewatne and Mr. Gancarz compensated because expectations will be very high.

Mr. Talbot supports the Town Manager's give backs to Mr. Noewatne and Mr. Gancarz. He noted the new Parks and Rec Director's salary will be \$88,000, with elimination of the Deputy Director position.

Ms. Flynn-Harris supports the increase for Mr. Noewatne, but has questions regarding the increase for Mr. Gancarz. She said Mr. Noewatne will be the primary point person in this department.

In that regard, Mr. Oris said the Maintainers will go out for a situation, and sometimes things never get to the top echelon. It will be Mark Cunningham or someone below him.

Ms. Nichols commented on the fact that Mr. Noewatne will be the top manager, and she is uncertain of the role of Mr. Gancarz.

It was suggested by Mr. Bowman that these payments be looked at as a bonus type program rather than increase the base pay. He said the Council is talking about situations which involve sporting events and other outdoor events.

Mr. Milone explained that there will be supervision of these crew members by Public Works managers through the winter season, and they will now be Public Works employees to be managed. With the plan in place, Mr. Noewatne is taking on another function, and there is \$140,000 in savings.

Following a discussion the Council agreed to the \$5,200 increase for Mr. Noewatne, and \$1,768 for Mr. Gancarz, and this becomes part of their base pay.

Parks and Rec Department - Mr. Milone discussed the budget and consolidation of the two positions (Director and Deputy Director) with Director Ceccolini and Ms. Patella, and both of them feel the need for the part-time person.

For the Parks and Rec Department, Mr. Milone pointed out the part-time person would be working with programs and activities, manage the web site, and assist the Director with some of the position duties. The position of Foreman and Deputy Director are eliminated, and the new Director's salary will be reduced by \$16,000 from the current salary.

Mr. Oris supports the part-time person for the department in light of the elimination of positions for significant savings. He said there must be assurance that the park sites operate properly.

The Council agreed to approve the part-time Program Coordinator position for the Parks and Rec Department.

Aquatics Director - this position had a \$4,000 increase in the proposed budget. Mr. Milone requested an additional \$2,000 for the position with reclassification from N-4 to E-1, with no overtime provision in the E-1 classification. Current position salary is \$75,736.

The Council was informed by Mr. Milone that the Aquatics Director conducts up to 50% of swim lessons at the pool; generates over \$200,000 in revenue with these lessons; and her overtime rate is \$54.62 per hour. The request for reclassification and \$6,000 pay increase is reasonable. The salary range for the E-1 position is \$58,346 to \$85,078, and Ms. Adams salary will be \$82,736. Other swim lesson instructors are all part-time employees. If this position were vacated, Mr. Milone said the new director would not provide 50% of the swim lessons, and would not generate the revenue in swim lessons.

The Council approved the reclassification of the Aquatics Director position to an E-1, and the \$6,000 salary increase.

With regard to the Parks and Rec Department, Mr. Slocum asked Mr. Masciana about the Education Department leaning on Parks and Rec for mowing of fields and trash removal.

According to Mr. Masciana there are reciprocal duties between the two departments, and he is unaware of any details on field mowing and trash removal by Parks and Rec crews on BOE facilities. The BOE has engaged cleaning crews to deal with these issues in order to keep facilities in better condition. Anything on school grounds is the BOE responsibility.

For page 2-1, the only adjustments are the decisions just made by the Council.

Mr. Talbot asked if the \$581,613 was the difference between \$1,256,162 and \$674,549.

Page 2-2 shows all the detail except for the \$674,549. The total reductions are just under \$1.3 million on the Town side.

On the education side, Mr. Talbot noted BOE savings of \$42,000 revenue increase and \$207,000 expenditure savings/reduction. In the BOE budget it cites reduction of five elementary teachers. Last year the BOE retired 6 teachers and 3 administrators. With revisions in personnel, salaries and benefits, Mr. Talbot said there is about \$1.3 million savings.

Option #5 (page 4) Mr. Talbot said the Council can get to scenario #5. It is a reduction of \$1.591 million; the \$2,226,056 adjustment equates to the Town taking a \$1.3 million adjustment; BOE has adjustment savings of \$250,000; and the number is at \$1.55 million; BOE gives another \$716,000; and we are at \$2.266, which is the #5 scenario number.

Mr. Masciana noted this comes to a \$1.1 million BOE reduction; this is another \$850,000 from where we are now.

With regard to "apportionment" between the Town Government side and BOE side of the budget, the Town side is beyond its apportionment with \$1.3 million. The BOE total reduction is \$966,000 less this \$250,000 already in place.

Mr. Slocum commented on Mr. Milone's budget reductions and revenue enhancements bringing the Town budget request to almost nothing.

BOE Potential Budget Revisions - Mr. Masciana reviewed the low impact changes which would result in savings of \$455,000; add to this the BOE savings of \$250,000, and the total is \$705,000.

Low Impact Items

Adjust school bus times \$100,000 - eliminates two school buses; Doolittle would be an early run, school start time of 7:30 a.m.; Chapman start time of 9:20 a.m. This is an educational impact, and could be a high parent impact.

Medium Impact Items

This impact hits programs, i.e. academically gifted, reduction in sports at Dodd; Stipends for music, theater etc. at CHS; these impacts are another \$320,000; These reductions of \$320,000 plus the \$705,000 is about \$1 million (including the \$250,000). Anything beyond these changes would have a high educational impact.

Mr. Talbot reviewed the numbers, and said the BOE needs to get to \$715,000.

With 5 elementary teacher reductions, Mr. Flynn-Harris noted there were 5 positions going into the budget. Before starting the cited reduction impacts on the educational system, she asked about cutting the 5 teaching positions from the budget.

According to Mr. Masciana, he cannot speak for the BOE, but the things cited are not definitive, and the suggestion makes sense for the BOE to look at for the budget.

The number is down to \$716,000, and Mr. Talbot said the heavy lifting is on the Town side. BOE identifies all the low impact items at \$380,000, and basically the BOE must find another \$336,000. He stated the hope is for the BOE, before getting to the list, to tweak savings from other areas.

For the BOE budget process, Mr. Bowman asked if they go through their budget line item by line item.

There are three public workshops and Mr. Masciana said there were other BOE meetings on the budget. He started working on the budget in October, and line items are looked at during a long and intense process. Mr. Masciana said there are other things that can be done and looked at, i.e. talking to vendors for better costs. These things will be done first, depending on how deep the cuts will be.

Proposed Town Government Budget - The Council discussed the increase on the Town side. Mr. Oris said the Council wants to see the town side proposed budget; the total budget increase was \$2.6 million; General Government was \$718,000; Council wants to see the actual savings on a cost basis and additional revenues.

Section 2-1. Mr. Milone reviewed the expenditures and revenues. There is \$100,498 in reductions and personnel; there is Other (benefits, workers comp, pool subsidy, etc.) at \$187,000; line item reductions of \$103,100. These are the three components of the reductions to the \$718,000 increase. The reductions total \$390,598; the balance is \$327,542; less other cuts it comes to about \$300,000.

If the Town Manager is cutting \$300,000 of expenses, a 70/30 split has the BOE looking for \$1 million, and this is close to what has been discussed for the BOE...\$966,000, less \$250,000, less \$455,000 low impact items comes to \$261,000 additional BOE reductions. Mr. Masciana said these reductions will have a heavy impact on the school systems.

Section 4 - The Council looked at option #5 and option #4 and where it wants to be for a mill rate of 31.89 or 31.98.

Mr. Talbot talked about asking the BOE for \$705,000 reduction, and this puts the budget at scenario #4.

Mr. Falk said he is looking at option #4. Mr. Bowman agreed with looking at this option, and said this would also increase the elderly tax credit program by about \$12,000.

Mr. Oris asked for another look at the "doomsday scenario" items from Mr. Milone, as the Town must prepare for the \$3.5 million pension issue.

This was discussed by the Council, and Mr. Slocum said the \$3.5 million will be recognized as a BOE expense. If this falls on the Town's shoulders, the BOE must come to the Council, after holding public hearings, to request the funding. It will be a referendum item for voters to decide on the expenditure.

Mr. Milone made it clear to Supt. Solan that if there is a \$3.5 million appropriation, it gets appropriated to the BOE. Supt. Solan thought this meant a cut to the BOE budget

of \$3.5 million. He was informed by Mr. Milone that there will be reductions looked at to be considered for this payment.

Mr. Oris said the issue is that the BOE will not take the full \$3.5 million from its budget.

This expenditure is subject to a public hearing and referendum, and Mr. Slocum said it might not pass.

Any further reductions to the BOE budget will impact the budget. Mr. Masciana said the Governor's budget will be out in July. He recognizes there will be big problems for everyone, education, general government, taxpayers.

The Council was told by Mr. Milone that there are many schools of thought on the \$3.5 million contribution issue...such as it not happening, being phased-in, teachers contributing 1% more into the pension fund.

For budget scenarios 3,4 and 5, Mr. Oris asked Mr. Milone and Mr. Jaskot for break out information for Town and BOE cuts and revenue being used, and a column in each scenario showing revenue.

Budget Summary Book, Page 1 - the \$674,549 is the debt service adjustment.

Mr. Talbot said there is no breakdown on what General Government and Education is giving.

Mr. Oris would like a breakout on one spread sheet in order to see cuts and revenues being used.

Mr. Milone clarified what is being requested. On page 4, take scenarios #3, #4 and #5; show what has been cut from the Town budget on expenditures; have a column of revenues; and \$674,549 in another column.

It was suggested by Mr. Talbot to list the \$674,549, and break it down into factors involved in the number.

Mr. Slocum looked at page 1 of the budget document. He asked to adjust the budget for education by the \$250,000 savings; and any general government savings being disbursed.

Mr. Milone knows the debt cut is \$674,549; he will take what is shown for 2018 and show a revised 2018 budget.

General Government of \$31,070,000 will go down by the amount of expenditure reductions;

Education will go down by \$207,000;

Debt Service will go down by debt service.

Mr. Milone and Mr. Jaskot will add the revenues to where they go; the imbalance will be made up by the mill rate, or more cuts on the town or education. The Council will see \$207,000 less for Education and \$380,000 less for General Government; with new revenues factored in.

4. PERSONNEL MATTERS, EXECUTIVE SESSION

Postponed to meeting of April 12, 2017.

5. ADJOURNMENT

MOTION by Mr. Slocum; seconded by Ms. Flynn-Harris.

MOVED to adjourn at 9:00 p.m.

VOTE The motion passed unanimously by those present.

Attest:

Marilyn W. Milton, Clerk