

MINUTES OF THE CHESHIRE TOWN COUNCIL SPECIAL MEETING HELD ON TUESDAY, JUNE 27, 2017 AT 7:00 P.M. IN COUNCIL CHAMBERS, TOWN HALL, 84 SOUTH MAIN STREET, CHESHIRE CT 06410

Present

Robert J. Oris, Jr., Chairman; Paul A. Bowman, Vice-Chairman; Councilors – Michael Ecke, Jeffrey Falk, Patti Flynn-Harris, Sylvia Nichols, Thomas Ruocco, Tim Slocum, Peter Talbot.

Staff: Town Manager Michael A. Milone; Town Attorney Alfred Smith; Finance Director James Jaskot; Economic Development Coordinator Gerald Sitko

Dept. of Education: Supt. Jeff Solan; Vincent Masciana, BOE Chief Operating Officer.

Guests: David Pelletier, Chair, Economic Development Commission; and EDC

Members Bill Stanley, Derek Grompo and Peter Nichols.

1. ROLL CALL

The Clerk called the roll and a quorum as determined to be present.

2. PLEDGE OF ALLEGIANCE

The group Pledged Allegiance to the Flag.

3. ECONOMIC INCENTIVE POLICY

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

BE IT RESOLVED, that the Town Council approves Resolution #062717-1

RESOLUTION #062717-1

BE IT RESOLVED, that the Cheshire Town Council approves the modifications to the Economic Development Policy as attached and recommended by the Economic Development Commission.

Discussion

David Pelletier, EDC Chairman, stated Commission members were present to review modifications to the Town tax incentive policy. A market assessment and plan was reviewed with the Council in February 2017, and as a result of the study the EDC has developed its own work plan which is being moved forward.

The incentive policy is reviewed every three years; was established in 1994; and has been applied to 24 projects in town, helping established companies, expansion of in-town companies, and new businesses. Mr. Pelletier commented on recent business expansions such as Power Station, Housing Authority Risk Retention Group. The policy has also attracted companies like Lane Construction and Napoli Foods. Over 23 years of the policy in place the Town has collected about \$4.9 million in new real state and personal property taxes, with \$4.8 million abatement. Upon completion of the incentive period, no more than seven years, the property owner resumes paying full real estate

taxes. Maintaining this policy keeps the town competitive with surrounding communities and retains businesses in town. Retainage and growth of businesses carries more weight than attracting new businesses, and the town cannot lose sight of the established business base that pays taxes and offers jobs.

Mr. Pelletier said the incentive should be granted to businesses that are compatible with the town, can comply with zoning regulations and are the core of the town's economic development objective, and meet the goals of the Plan of Conservation and Development. The principle criteria in granting an incentive should be the net permanent tax revenue to the town, what fee revenue would be generated, and long term employment opportunities. In the past the town has granted assistance with off-site infrastructure improvements, real estate tax incentives for commercial and industrial uses, and tax incentives related to information technology personal property.

Derek Grompo, EDC member, talked about the grand list growth initiative which EDC is working on as one component, and it has to do with the three-year renewal of the tax incentive policy. There are three objectives – EDC wants to attract new business development, help existing business to expand, and remain fiscally responsible.

Mr. Grompo explained that EDC looked at 20 similar communities, with similar incentives, and came up with recommendations.

- 1) Businesses with less than \$3 million assessment, the reduction would be 50% over four years; this is increased from 45% over three years.
- 2) Businesses with more than \$3 million assessment the reduction would still be seven years increased to 50%.

With this type of agreement with a developer the requirement is they stay for 10 years. If they do not stay 10 years, they pass back. It also requires minimum staffing levels to be maintained. The policy is recommended to be reviewed every three years.

Personal Property Tax Assistance Plan – the statute has been modified slightly. It would permit the Town Council to use discretion and negotiate tax incentives for personal property values over \$500,000. This relates mostly to warehouse space, and the Council would have a case by case discretion to negotiate a reduction.

Building Permit Fees – EDC would like to meet with the Council's Ordinance Review Committee to propose a scale of reductions in permit fees to new businesses. The scale would range from 10% to 15% reduction.

Mr. Slocum asked about the ability for businesses to go forward and negotiate with the Council. He assumes that this is much the same way the incentive policy comes to the Council. He asked about this opening up the plan for smaller businesses, and if the plan is common amongst the 20 towns researched by EDC.

In response, Mr. Grompo said that was correct, and it is one piece of the puzzle. The EDC is trying to find money and bring it to the community.

Mr. Pelletier commented on the \$500,000 personal property tax being geared towards warehouse development, and would not apply to manufacturing as that equipment is exempt from taxes across the State. During its research and talking with developers, Mr. Pelletier said there was eye-opening commentary on the way commercial real estate development is going and where businesses want to locate...which is in urban areas as this is where talent is found.

According to Mr. Pelletier approval of the EDC recommendations will give Cheshire a competitive edge in attracting new business, and help current corporate citizens to grow and flourish. Mr. Pelletier said the EDC looks forward to engaging in future meetings with the Council and Planning and Zoning Commission. In the Fall, Mr. Pelletier noted the EDC wants to meet and discuss establishment of a tax implementing financing district in Cheshire.

Town Manager Milone informed the Council that the EDC incentive policy information was in the packets of the last Council meeting. Additional copies can be sent to Council members.

Mr. Ecke commented on EDC doing lots of work to attract businesses to Cheshire, and the incentive plan is one piece of the work done. He noted EDC does important work in the community, and is the only shot for revenue growth is EDC development. Mr. Ecke said they should be applauded for the tremendous work done by the EDC.

Chairman Oris thanked Mr. Pelletier and Mr. Grompo for their presentations. He commented on the importance of economic growth and the grand list growth as the only generator of revenue. Mr. Oris said the Council supports the EDC and its work, and will continue to insure it has the tools needed on the incentive plan. There have been meetings with Mr. Milone, Mr. Oris, EDC and stakeholders, and they are working together on items in the report about what will work well for Cheshire.

VOTE The motion passed unanimously by those present.

4. DISCUSSION RE: MIDDLE SCHOOL PROJECT

MOTION by Mr. Slocum; seconded by Ms. Nichols

BE IT RESOLVED, that the Town Council approves Resolution #062717-2

RESOLUTION #062717-2

BE IT RESOLVED, that the Cheshire Town Council authorizes the Cheshire Board of Education to apply to the Commissioner of Administrative Services and to accept or reject a grant for the construction of the new Dodd Middle School, and

BE IT FURTHER RESOLVED, that the construction of the new Dodd Middle School is hereby assigned to the Dodd Middle School Building Committee, and

BE IT FURTHER RESOLVED, that the Cheshire Town Council hereby authorizes at least the preparation of schematic drawings and outline specifications for the construction of the new Dodd Middle School, and

BE IT FURTHER RESOLVED, that the Cheshire Town Council intends to hold a referendum on November 7, 2017 to fund the construction of the new Dodd Middle School.

Discussion

Chairman Oris explained that this meeting is a special meeting of the Council; there is no public comment; the Council has heard from the community at other meetings; and is aware how people feel about this important project. Council has received written and e-mail communication from people about the project.

Supt. Solan thanked everyone who participated in the process since the Facility Master Plan started in August 2013. The Council approved review of the facilities, demographic studies and development of a master plan in May 2015. There was a community based committee formed to explore elements of the plan, and the first step was a middle school to accommodate grades 6 to 8. Renovation of Dodd Middle School was considered; the option was not desirable; had a renovation cost of \$54M; and a new 7-8 grade middle school had a cost of \$86M. These options did not allow for closing of existing buildings and put them on the tax rolls to generate revenue. The same renovation recommendation was made in 1992, at a cost of \$35M for a larger building with a better reimbursement rate. The current reimbursement rate is 33.9%, and 100% of a proposed new middle school is reimbursable.

The BOE is requesting authorization from the Council to submit a State grant application by June 30th, retain the 33% reimbursement rate, and insure Cheshire receives \$35M dollars in grant funding. By waiting another year the costs will be +\$13 million, with \$5M in new construction cost escalation and \$8M reduction in State grants funds.

Supt. Solan asked that the Town Council establish a date for a referendum on the middle school project on November 7, 2017.

There is a cost to building a new school, and Supt. Solan said the cost increases substantially. Moving the project forward tonight obliges the Council with nothing more than putting the issue before the public. It allows the opportunity to apply for the

maximum reimbursement rate. If the voters reject the plan the point is moot. If the State refuses to reimburse the 33.9% the point is moot. Supt. Solan said it is time for the town and community to decide what we are going to be. There is a link between school modernization and the plan for economic growth in the community, and the town should be moving on both fronts. Time is not our friend for building a much needed new school. Supt. Solan respectfully requested and humbly recommended that the Council pass the resolutions, enabling the BOE to take advantage of the highest grant costs without a commitment to build a new school. Then, there can be continued community dialogue and make the best decision for the future of our students and the town.

Town Manager Milone commented on the bad financial news the town has received. When the financial analysis was done three weeks ago on the impact of the school expenditures of \$106M and \$111M, the Governor had proposed a revised budget cutting \$12.4M from Cheshire next year. This cut would be between contributions to the teacher retirement fund of \$3.5 million, and \$8.5 million in municipal aid. It was made clear by the Governor that if there is no State budget adopted by June 30th, he will impose executive privilege and authority and make these proposed cuts across the board. Cheshire would lose \$12.4 million in revenue.

The alternative is the Governor proposing a mini-budget for 90 days, which is confusing, and Mr. Milone could not say if it was better or worse than the \$12.5 million loss.

The first State payment to Cheshire is for Adult Education in August, but not a significant amount of money. The first impact of the Governor's budget will be in late September into October; if there continues to be an ECS program, the first payment is made at that time; if there is still a PILOT program the first payment is in September. It is hoped there is an adopted State budget and things are reversed.

Mr. Milone spoke with Cheshire's legislative delegation. He was informed by Rep. Linehan that there is no revenue at the State to restore \$12.4 million. Prospects remain bleak. The town must prepare for an amendment to the operating budget adopted on April 17th, as there will be cuts beyond what the town can absorb by Council reallocation of funding and transfers.

Chairman Oris stated he also spoke with Rep. Linehan, who explained to him and underscored the dire situation going on in Hartford. There is not much support in the caucus for the mini-budget; there will not be a budget by June 30th; and it is likely the State will be going forward with the Governor's budget with a \$12.4 million cut to Cheshire. Changes in the future are unknown. It is hoped things will get better by September.

On the record, Chairman Oris said there has been Council discussion about the impact of the new middle school project on the Town's credit rating. The Town's financial advisor, Matthew Spoerndle, Phoenix Advisors, Sr. Management Director, did submit

information to the Council, Mr. Milone and Mr. Jaskot, and the document is attached to these minutes.

Chairman Oris read the information from Mr. Spoerndle into the record.

Mr. Ruocco said he would not support sending the middle school project to referendum. He noted that Joanne Miller has submitted to him a petition with 68 signatures in opposition to the project for reasons that include the costs and more traffic in this area of town and loss of open space at Cheshire Park. There is also a deed from the State to Cheshire which was made part of the record. The deed states the land will be used solely and exclusively as a recreation area and park purposes and cannot be sold to any person or individual. Mr. Ruocco commented on the location having more issues with surrounding neighbors and the deed. There are also concerns about the state of our economy. Even with 33.9% state funding the project represents a \$70M debt obligation to the town, adding to the town's long term debt, and another \$400 to \$500 in taxes per household to cover the loan. The taxpayers face possibility of a supplemental tax bill. Alternatives should be looked at, i.e. using one of the existing elementary schools as a middle school, with remodeling and construction. We want to keep the schools top quality and updated, but it is a hard time for Cheshire. Mr. Ruocco commended the BOE for doing its job. The Council is the fire wall on this project. Mr. Ruocco declines to send the school project to referendum at this time.

Mr. Falk believes something needs to be done, and citizens should decide, in the end, what is to be done. With the state of the economy, the unknowns with the State, fiscal responsibility does not mean putting off essential projects like a school because they are expensive. It means we invest money to prevent our schools from falling into such state of disrepair that they must be rebuilt. In reading the report and findings about Dodd, the BOE facilities staff was commended for doing an excellent job over many years maintaining this school. The school has remaining useful life of about 30 years...so we have some time, but want something done. The Council's responsibility is to properly vet projects going to referendum. Mr. Falk does not feel he has had enough information and time to fully vet this project, rushing it into the unknown with the situation at the State and the town's financial position. Mr. Falk feels the Council should wait to send this project to referendum. In the interim, he suggested a committee be formed to further vet this project, and he volunteers to serve on this committee. Working together there can be assurance that the project has been fully vetted. There are also additional costs to be incurred which are unknown. The financial planner just sent the Council the town numbers earlier this week. Mr. Falk would also like to look at other sites than Cheshire Park because it is not a good location, and costly issues will come up with this site. Mr. Falk thanked everyone for their input, but he will not support sending the project to referendum.

Ms. Nichols said everyone has heard the plan for the new middle school, costs involved, and people have stated opinions both for and against, and the passion on both sides is a welcome addition. When the Council sends a project to referendum there must be

anticipation of voter approval, facts must be gathered, the plan reviewed, financial impact assessed, and insure the project can be executed in the best interests of the community. There are many factual questions left unanswered, many due to the precarious state of the State budget, which will have serious consequences to the town budget and taxpayers in the long term. Without all the facts, Ms. Nichols said it is inappropriate to advance this project to referendum at this time.

Mr. Ecke took a tour of Dodd Middle School, and said something needs to be done, renovation or a new building, as the school is inadequate for the students. With the State cutting \$12.4M of town revenue it is hard to put forward the largest building project ever undertaken in Cheshire. People will be getting supplemental tax bills as there is no way the town can work within the confines of the budget we have today. Mr. Ecke said we must wait until the State has settled down, and know where we stand going forward. In his day job he evaluates new projects and initiatives, and with the school project, the risk is too great to take it on right now. There is potential for a tax increase of \$500 per household, and this could increase to \$1000 with further State cuts. The school project is a worth one; it should be revisited; more study is warranted; the risk outweighs the benefit at this time for the community. Mr. Ecke will not support putting the project out to referendum.

Mr. Slocum said he cannot support putting the new middle school project out to referendum in the Fall. There are more concerns about funding this year's operating budget with \$7.5M cut to education and \$3.5M for the retirement contribution. The potential for a supplemental tax bill is very real given the inaction and erosion at the State level. This is no way to operate a town...making a decision on a \$106M school proposal.

Ms. Flynn-Harris thanked everyone involved in the process, BOE and Town Council, and people who spoke with her about the middle school project. After Mr. Milone's financial information presented earlier in the meeting, the future is bleak and uncertain and hard to deal with. She firmly believes this project, the Master Facility Review Plan, and any project redoing the schools, should have been handled by former Town Council, BOE and school administrations, at least 10 years ago. This is when the change was seen in demographics; the BOE could have redistricted and looked at the schools in another and more positive light. Ms. Flynn-Harris visited Dodd Middle School and was surprised at the condition of the school. She noted the comment that bricks and mortar do not make the highly rated education in Cheshire...and it is the teachers and students wanting to learn. But bricks and mortar have an effect on students. She commented on the classrooms being too small, science labs being inadequate, Cheshire pushing STEM education, and commended the teachers who inspire students in this learning environment and continue to do their job. The middle school is not built for today's educational system and going forward. Like many other people in the room, Ms. Flynn-Harris is on one income, with fixed income retirement, increased taxes...but believes by not taking an effective and responsible outlook 15

years ago, there is already an economic impact on the town. She talked about surrounding towns that have invested in their schools over the past 10 years (i.e Southington) and the growth in these towns. Past large projects have gone to voters for their input and approval. It is not just the job of the Council to make decisions. Voters should have their say, and the school project should go to referendum in November.

Mr. Talbot expressed appreciation to the BOE, the Cheshire Public Schools for their work on the middle school project, and the public for their engagement on this issue. He is voting in favor of sending the school project to referendum, as he believes this is an important issue which affects the entire town, with an impact for many years to come. It must be decided by all the residents in the community. Mr. Talbot commented on the *The Cheshire Herald* editorial last week and quoted an excerpt from the editorial into the record. He disagreed with the comments stated. The Town Council averages 25 actions per meeting; it does not advocate its responsibility; and the difference this time is the magnitude of the project is so incredibly large. Mr. Talbot noted the Council members have received e-mails and phone calls, and his poll on the issue is split 50-50. It was pointed out by Mr. Talbot that the Council is elected to represent its constituents. In that regard, Mr. Talbot cannot ignore his job by ignoring the voice of half the people from whom he has heard. At this time, Mr. Talbot cannot say how he would vote on the referendum issue, but he wants the opportunity to gather more facts and make a choice in November. By voting to send the project to referendum there is no obligation. There is still the ability to wait and see what happens with the State, municipal funding, and potential funding for this project. According to Mr. Talbot the project could continue to be discussed. There are four months to gather more concrete information for a better decision on the middle school. Not sending the matter to referendum delays it one more year. As he concluded his remarks, Mr. Talbot read the final comment from *The Cheshire Herald* into the record, and stated his agreement with the point stated.

Mr. Bowman thanked the BOE and the people who made comments to the Council and community. Mr. Bowman will not support sending the school project to referendum. There is not enough information to send to the voters and this does a disservice to the office of the Council. The Council has a fiduciary responsibility to have a full understanding of all aspects of these types of endeavors, and all the information is not available at this time. The fiduciary responsibility is to the residents and voters, but also to the business community. Mr. Bowman noted there are many businesses that cannot vote on the issue but are severely impacted by the project. Right now, Mr. Bowman is not convinced the location is right; is not convinced the plan is right; and is not convinced the time is right. Stating he takes this decision very seriously, Mr. Bowman said this does not end tonight. Councilor Falk stated a committee should be formed, and his willingness to work with a special committee to move forward, looking at more options, and go back to the drawing board for prior options. This project can happen, but Mr. Bowman is not convinced it is the time or the place. The team assembled should be inclusive of BOE members, Town Council members, community members, people with financial, planning and engineering expertise...to fully vet and

look at all the options. Mr. Bowman reiterated that he would not support sending the middle school project to referendum

Chairman Oris thanked the BOE, school system staff, and the people who worked hard on this project on behalf of the children. Mr. Oris stated that he does not believe the Council's vote suggests it does not support or believe in what has been done to this point. As a strong advocate of education and the school system, recognizes educating our children well, and he noted his record as a Council member supports this fact. Our schools are an economic driver in the community, with a direct correlation to the quality of the school system and property values. Many people moved to Cheshire because of the quality school system. Mr. Oris also understands putting major projects, such as the middle school project, out to the people for deliberation and vote. As an elected official and Town Council member, Mr. Oris said he has a deep responsibility to all residents and business owners to insure all major capital projects are well vetted; all options are meticulously explored; and fiscal impacts are presented, with reasonable certainty, for the community to make a well informed decision. To do anything less is a breach of his responsibility as a Council member. Mr. Oris understands people need to make this decision; and they will; and it should be based on quality information which has been well vetted. At this time, Mr. Oris is not convinced that the Council has had enough time and opportunity to determine the quality of the proposal. This is coupled with what the Town and Council is dealing with on the State level...which can be catastrophic.

There are too many open questions and uncertainty regarding the middle school plan. Mr. Oris commented on Cheshire facing the unprecedented State revenue cuts, without answers anytime soon. He spoke with Rep. Linehan earlier tonight, who told him she has no answers, and is telling Cheshire to prepare for the worst and batten down the hatches.

In reviewing all that has been stated at this meeting, Chairman Oris stated the project is, obviously, not getting advanced to referendum. The project requires further discussion; it should have a broader coalition of stakeholders involved in the discussion; and make a determination on the best situation for everyone. Mr. Oris said the Councilors want the project to go forward, but in light of where we are now, cannot support it.

Chairman Oris will not support sending the school project to referendum in November. It was stated by Mr. Oris that the BOE is doing what it should be doing...advocating for the students...and he respects this. The Council also wants to do what is best for the children, but must also look at what is in the best interests of the total community. Cheshire has people on fixed incomes; business people will not vote on this project but will be impacted by the project; and we could be seeing businesses moving out of town when the mill rate goes over 40 mills. There is worry about grand list growth, but Mr. Oris pointed out there is also worry about grand list reduction. Therefore, there is a broader picture which the Council looks at and must do its job. At this stage, with the facts known or unknown, the right decision is to wait, put the project on hold, have the

dialogue, get our ducks in a row, get better and reliable information, and move the project forward in the not too distant future.

Chairman Oris also advocates for a group/committee to continue dialogue on this project.

VOTE In favor – 2; Flynn-Harris and Talbot.
 Opposed – 7; Oris, Bowman, Ecke, Falk, Nichols, Ruocco, Slocum.
 The motion failed to pass.

**5. DISCUSSION RE: POLICE COLLECTIVE BARGAINING AGREEMENT
(possible executive session)**

MOTION by Mr. Ruocco; seconded by Ms.Nichols.

MOVED that the Town Council enter Executive Session at 8:07 p.m.

To include Town Manager Milone, Finance Director Jaskot, Police Chief Dryfe to discuss CPD collective bargaining agreement.

VOTE The motion passed unanimously by those present.

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

MOVED that the Town Council exit Executive Session at 8:45 p.m.

VOTE The motion passed unanimously by those present.

6. ADJOURNMENT

MOTION by Mr. Talbot; seconded by Mr. Slocum

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

VOTE The motion passed unanimously by those present.

ATTEST:

MARILYN W. MILTON, CLERK