

MINUTES OF THE CHESHIRE TOWN COUNCIL SPECIAL MEETING AND BUDGET COMMITTEE MEETING HELD ON WEDNESDAY, AUGUST 23, 2017, AT 7:00 P.M. IN ROOM 207, TOWN HALL, 84 SOUTH MAIN STREET, CHESHIRE CT 06410

Present

Council Chairman Robert J. Oris, Jr.; Vice Chairman Paul A. Bowman; Michael Ecke, Jeffrey Falk, Patti Flynn-Harris, Sylvia Nichols, Timothy Slocum, Peter Talbot.

Absent: Thomas Ruocco

Staff: Michael A. Milone, Town Manager; James Jaskot, Finance Director; Gina DeFilio, Deputy Finance Director; BOE COO Vincent Masciana; Town Attorney Alfred Smith

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. CHAPMAN PROPERTY REMEDIATION (possible executive session)

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

MOVED that the Town Council enter Executive Session at 7:05 p.m. to include Town Manager Milone, Town Attorney Smith, to discuss Chapman Property Remediation.

VOTE The motion passed unanimously by those present.

MOTION by Mr. Slocum; seconded by Mr. Talbot

MOVED that the Town Council exit Executive Session at 7:20 p.m.

VOTE The motion passed unanimously by those present.

4. RECAP AND DISCUSSIONS RE: FISCAL YEAR 2017-2018 FIVE-YEAR CAPITAL EXPENDITURE PLAN AND ANNUAL CAPITAL EXPENDITURE BUDGET.

Town Manager Milone distributed the handout information packet for 8/23/17, which will be reviewed and discussed with the Council.

Budget Committee Chairman Slocum said the focus of this special meeting will be on the annual capital budget items, particularly those to be sent to referendum, which will have an effect on the Town's debt service. The projects for referendum will be approved by the Council at the August 29th meeting.

Page 4-1 Mr. Milone referred to handout page 4-1, which is the summary of referendum and non-referendum FY 17-18 annual capital budget projects. The items were separated out based on the analysis of what goes and does not go to referendum.

Finance Director Jaskot has reviewed these items, talked to bond counsel, and there are issues with two of the projects...#17 Window Replacements, Cheshire High School, and #20 Paving of Driveways and Parking Lots, Doolittle, Chapman and Cheshire High Schools.

It was explained by Mr. Milone that over the past few years there have been multiple appropriations of multiple schools, with breaks in between. If Doolittle School and Dodd Middle School are mentioned in the resolutions, and Doolittle is done with the entire appropriation spent on that school...Dodd is not touched...the fact that Dodd is mentioned in the resolution(s) still requires a 2nd Dodd resolution to be aggregated. It is not the amount spent, but the simple fact that this school is identified. It is almost as though the totality of the appropriation carries forward with Dodd. There could be mention of seven (7) schools for \$250,000; then mention one school for another \$250,000; and because the original appropriation was done with seven schools in it, the one school still gets aggregated and is over the referendum limit.

Mr. Milone commented on the fact that working to piece all the school information together, going back 10 years, is difficult. If money is not spent for an identified school, it might as well be spent because it carries forward the burden of aggregating it for future referendum items. He said a better way must be found for the school projects.

Mr. Jaskot and Mr. Milone will come to the Council with closing out of some projects, with some dollars carried forward, and schools identified without work being done.

Top Five Referendum Projects

Out of 22 proposed capital budget items, Mr. Milone pointed out the five projects to be considered for referendum in November. The number cited for each project is the one from the original sheet. They will be re-arranged numerically when the Council decides how to proceed with referendum items.

#6	Infrastructure Improvements for Interchange Zone -	\$1,350,000
#7	Upgrade and Expansion of Public Safety Radio Communication System -	\$1,313,000
#12	Road Repavement Program -	\$1,700,000
#13	Cook Hill Pump Station Rehabilitation	\$ 400,000
#19	Lavatory Improvements, Norton & Doolittle School	\$ 250,000
	TOTAL	\$,5,013,000

Item #7 – Upgrade/Expansion of Public Safety Radio Communication System.

This allocation is in addition to prior allocations in the aggregate amount of \$3,163,000, thereby making the total project cost equal to \$4,476,000.

Item #12 – Road repavement - summary list of identified roads was given to the Council; appropriation is \$1.7M.

#13 – Cook Hill Pump Station Rehabilitation project is proposed at \$400,000; there was a prior \$120,000 appropriation; total project cost is \$520,000.

#19 – Lavatory Improvements – there was a prior \$500,000 appropriation for this project; total is \$750,000.

Non-Referendum Projects.

#5 – Parking Area for Linear Trail. Town awaits information on receipt of the STEAP grant, \$500,000. If it is not received, the appropriation will be \$400,000 going forward, which will take care of one or two property acquisitions; this can be done over time.

#10 – Public Works Dump Trucks and Plows \$442,000. The Council decided to revisit this item in the future to get the cost down under \$400,000; there is no support for \$442,000 and a referendum for this project.

Capital Non-Recurring Fund CNR - The way everything is designed, there is \$850,000 committed to CNR Fund. This money will be desperately needed if more money is taken away by the State; this account would be frozen; and Council can then decide to delay, not do projects, or bond them.

Item #12 – Road repavement appropriation is \$1.7M. The handout identifies the 1.6 miles of roads to be repaved; they are the top 16 roads; total is \$1.255M; crack sealing is \$100,000; micro-surfacing \$150,000; chip sealing \$200,000; total estimated cost for road work is \$1,705,667.98. Total of 9.5 miles of work scheduled.

Mr. Milone stated that the identified roads can be changed between now and Spring 2018, depending on the damage from the winter weather. Next week there will be a report on the roads from the road pavement management system. A report on the average road conditions over the last 9 years since implementation of the management system will be provided. Mr. Milone said the overall grade index is important and shows the effect of dollars spent over time, and whether the strategy is working or not.

If a project passes at referendum, Mr. Slocum asked about the Council's ability to elect putting off a project, and not spend the money.

The Council was informed by Mr. Milone that they can freeze money; this is the same as with items in the operating budget which can be frozen; and the commitment for the referendum does not obligate Council to spend the money. If there is a potential State crisis, this would be a good defensive position for the Council to take.

Regarding the road repavement program, Mr. Ecke said he does not want to go off cycle on the road repairs. There could be approval of \$1M rather than \$1.7M out to referendum.

Mr. Oris questioned the benefit of lowering the appropriation by \$200,000 or \$300,000... other than saving money if there is a financial crisis, and the Council can determine to freeze the road projects.

Ms. Flynn-Harris wanted to know the roads with the highest rating and need, and maybe these roads could be done.

One challenge is the aging of Town roads, and Mr. Milone said there is an aggregation of some roads. There could be three continuous/connecting roads; two are horrible, one is not so bad; and for economies of scale all these roads should be done. Picking and choosing roads in the 60's or 70's could cost more than the sum total of connecting roads in a neighborhood. PW Director Noewatne can discuss and inform the Council on this issue, and answer questions.

Mr. Milone stated that if the Council will exceed the referendum limit for a project, it must decide by August 29th. If the referendum limit will not be exceeded, the Council has until November 20th for decision.

If the Town gets to the point of freezing projects due to lack of available money, Ms. Nichols asked if only part of the project appropriation can be used rather than the entire appropriation.

Mr. Milone explained that there can be use of part or all of the appropriation.

Mr. Talbot stated he prefers keeping the \$1.7M for road repavement program for referendum. Then, Council can determine and decide on use of the funds based on where the Town stands financially.

It was noted by Mr. Milone that the resolution does not identify locations, so Council can pick and choose roads to be done, and stop at any amount.

For the roads listed, Mr. Bowman said they would be paved, and other work on the roads will be done in the Spring of 2018.

Mr. Milone clarified that the list is roads to be paved, and other road work will be identified in the Spring.

Mr. Talbot pointed out Verbena Court, and the water main going into this road, along with RWA funding on this road work. He asked if the number cited would be lower for this street's road work.

It was explained by Mr. Milone that RWA gives the Town the amount they would have paid for repaving the cut, but it is not enough for curb to curb. The amount is a lot for the work that has to be done.

Ms. Flynn-Harris supports keeping the road repavement project at \$1.7M for referendum, with the Council making a decision later on the roads, since they are not identified in the resolution.

Mr. Talbot noted this project is one that gets great voter support and approval.

Mr. Bowman will support the road repavement project with the knowledge that the project can be cut back, if necessary.

Lavatory Improvements Norton and Doolittle Schools, \$250,000 – this is one of the projects already identified by Council during discussions.

The driveway/parking lot project (#20) and window replacements CHS (#17) were the two issues. Research was done on the window project, and Mr. Milone noted it said “district wide”...and did not see Cheshire High School listed. He found one referendum with CHS listed. The question is the window project going to \$250,000...and if so, it must go to referendum due to a prior appropriation.

With the appropriation on hand, Mr. Masciana explained that BOE finished the four sides of the Senior Courtyard windows this year. This next \$250,000 was to start getting the south side windows at CHS. These are the original, single pane windows, at the high school, with some replaced with plexi-glass. Mr. Masciana distributed photographs of these windows, noting the bad condition on sills and frames. This item must go to referendum because \$250,000 has been done every year.

Regarding these windows, Mr. Bowman asked if any of them are “egress windows” as a security measure.

Mr. Masciana said they are not, but the classrooms comply with the fire codes.

If someone broke into the school, or if there was a breach in the school...a shooter, Mr. Bowman asked about going into lock down...”run out, hide out, take out.” He noted that St. Bridget School window replacement has egress windows to get out of the school.

In that regard, Mr. Talbot asked about having these windows with ability to be exit points, and if there would be some grant funding from Homeland Security. O, do these windows fall into another category by having this option.

Mr. Masciana will check on this, and informed Council there is a new school security grant program. He will check into whether these windows fit into this grant, as these are outside perimeter windows.

Following discussion, the Council decided to send item #17, Window Replacements Cheshire High School to referendum.

#20 – Paving of Driveways and Parking Lots, Doolittle, Chapman and Cheshire High Schools

Mr. Milone gave some background information on this project. A few years ago there was \$250,000 appropriated for Dodd and Doolittle Schools. Because Doolittle was identified in the prior referendum, this project must go to referendum.

Mr. Masciana said this money was appropriated two years ago, and all of Dodd was done. There is \$70,000 left in that appropriation. He suggested to the Council that it appropriate \$125,000 for this project; this keeps the project below \$400,000 and it does not go to referendum; there will be \$195,000 funding to do all the Doolittle project. Because of the strategy on sidewalk and paving work, Mr. Masciana said the worst of the schools is Doolittle, and it should be done. With appropriation of \$125,000 plus the \$70,000, that is \$195,000 to complete the work at Doolittle School, and wait on Chapman and Cheshire High School paving.

Project #20 - \$200,000 will be deleted from the non-referendum projects, and the project will be funded at \$125,000.

Mr. Milone reviewed the resolutions (page 4-12) noting that there will be a sixth project added back...\$125,000 for CHS window replacement project. The only thing missing from the resolutions, which bond counsel has not finished yet, is the question at the end of each resolution to be posed at referendum. The explanatory text will be ready in late September or early October.

Page 4-14. Mr. Milone discussed the utilization of the \$324,529 revenue generated through the WPCA rate restructure/revision for commercial properties. This revenue was used in the estimate for 2018 debt service, but it was not carried forward over the next nine (9) years of debt service.

Column #4 in the analysis has the \$324,529 revenue applied into the prior numbers cited, FY 2019 to FY 2028. This brings the general fund debt service down by that amount of money in each year; it also brings the increase from the prior year down dramatically. This analysis shows what the debt service will be based on the proposed capital budget; it does not include proposed cuts in the capital budget.

Column #3 – shows the effect of this budget and subsequent budgets on debt service. In 2020, there is +\$434,503, and this is the number affected by changes already suggested.

Page 4-15 - WPCD Debt Service Summary – this information is changed by the \$324,529 added in the years.

Page 4-16 – This page shows how the borrowings will take place, based on the gross numbers in the proposed budget. Page 4-16 shows \$7,557M gross amount; it will be less; the amount for next year is the amount used for the recommendation, which will change. This information assumes a much higher borrowing number.

In FY 2018, Mr. Jaskot said there will be no borrowing; next borrowing is February 2019. The payment on this borrowing will be in FY 2020; there is a two year lag from whatever is approved this year. Regarding the roads, he said there is no plan to borrow the money for another 1.5 years, and debt service would not be paid for another two years. Normally, the full \$4.17M would be borrowed, but seeing how things evolve over the next year or two, Mr. Jaskot said debt service will be pushed back further if there is a hold back on some of the identified roads.

Mr. Slocum said it is the Council's decision on whether the WPCA rate revision goes towards debt service, and future Councils can change this decision.

The Council was informed by Mr. Milone that the Town was to get a ruling on the lawsuit months ago. There has been delay, judge's questions, and we do not know where this is right now. He has asked Attorney Donnelly to pursue this and provide information to the Town. Mr. Milone noted that this money is not built into anything with the Town budgets.

At the next Council meeting, August 29th, there will be a vote on the referendum items.

These are the projects:

#6	Infrastructure Improvements for Interchange Zone -	\$1,350,000
#7	Upgrade and Expansion of Public Safety Radio Communication System -	\$1,313,000
#12	Road Repavement Program -	\$1,700,000
#13	Cook Hill Pump Station Rehabilitation	\$ 400,000
#19	Lavatory Improvements, Norton & Doolittle School	\$ 250,000
#17	Window Replacements-Cheshire High School	\$ 125,000

Proposed Appropriation goes to \$5,263,000. Bonded/borrowing amount will be \$5,263,000. These are the six (6) projects along with resolutions which the Council will see next week, along with summary information from the bond counsel. The resolution will state the Council is adopting "a portion of the capital expenditure plan to include the following projects..." This recognizes there is a capital plan, the full plan has not been adopted, and the projects are part of the plan.

State Grants – Mr. Milone stated if there is no State budget adopted, the Governor's proposal will be implemented, piece-meal, as the grants are due to be paid to municipalities.

Adult Ed – expected amount is \$25,964. Disbursed - August $\frac{3}{4}$ payment - \$19,473; $\frac{1}{4}$ May, \$6,491. The first hit to Cheshire comes in August.

PILOT:State Property – this revenue is lost, one installment payment on September 30th, \$1,580,065.

E.C.S. - \$9,497,504. First payment on October 27th - \$2,374,376 (1/4 payment of \$9,497,504); January $\frac{1}{4}$ payment of \$2,374,376; April $\frac{1}{2}$ payment \$4,4787,752.

Pequot/Mohegan - \$2,039,432 (1/3 paid December, March, January \$673,013).

Mr. Milone said these are the financial hits expected if no State budget is adopted. If a budget is adopted, and Cheshire has taken a financial hit, it is unlikely the legislature will go back and restore money already lost by the Town.

Without a budget, Ms. Flynn-Harris said the Governor can still say that even though he proposed it, he can let it go as passed, and not implement his proposed budget

Mr. Milone said the Governor is sending out message after message...and the first one is a small amount, showing he is serious. The Democrats came out with a proposal, and in total, Cheshire could lose municipal aid of \$3.2M. This would eliminate much of the non-education aid, but preserve and protect most of the education aid. No details were given, so it is uncertain how grants are affected.

Mr. Masciana said E.C.S. would be+\$61,000; the total of \$3.2M would come out of PILOT and Pequot grant payments.

Municipal Revenue Aid could be eliminated, and MRSA will take a \$850,000 hit.

Mr. Milone will forward updated debt service, debt paid for and remaining total debt to the Council.

The Town Council meeting of August 29th will include decision on the revised Town Charter. Copy of the revised Charter was given to the Council.

The Council can accept, reject, or split out Charter revision items, and Mr. Oris said this will be an agenda item for August 29th.

5. ADJOURNMENT

MOTION by Ms. Nichols; seconded by Mr. Bowman

MOVED to adjourn the meeting at 8:15 p.m.

VOTE The motion passed unanimously by those present.

Attest:

Marilyn W. Milton, Clerk