

**MINUTES OF THE JOINT CHESHIRE TOWN COUNCIL AND BUDGET COMMITTEE
MEETING HELD ON MONDAY, MARCH 26, 2018, AT 6:30 P.M. IN TOWN HALL,
ROOM 207-209, 84 SOUTH MAIN STREET, CHESHIRE CT 06410.**

Present

Budget Committee Chairman Timothy Slocum, and Jeffrey Falk.

Council Vice-Chairman Paul A. Bowman; Patti Flynn-Harris, Thomas Ruocco, Peter Talbot, David Veleber.

Absent: Robert J. Oris Jr. and Sylvia Nichols

Staff: Michael A. Milone, Town Manager; James Jaskot, Finance Director; Arnett Talbot, Assistant Town Manager; Gina DeFilio, Deputy Finance Director; Donna Ouellet, Deputy Treasurer; Ramona Burkey, Library Director; Debra Rutter, Deputy Library Director; Vincent Masciana, COO, Dept. of Education.

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. PROPOSED FY 2018-2019 OPERTING BUDGET

***Administration and Finance: Town Council; Town Manager;
Town Attorney; Elections; Probate Court; Finance Department;
Board of Assessment Appeals; General Services.***

EMPLOYEE BENEFITS

PUBLIC HEALTH

**CULTURAL SERVICES: Library, Library Board, Performing and
Fine Arts Commission**

Budget Committee Chairman Slocum moved "Cultural Services" to current status on the agenda.

Copies of the March 26th "handout" were distributed to those present. Mr. Milone stated he would bring responses to Council questions during the appropriate department budget presentations (# senior citizens living in condo units, Human Services grants, EDOO1 form information on town administrative services to BOE).

Finance Director Jaskot reviewed the information on delinquent real estate accounts, reporting there are 182 delinquent properties in Cheshire. Of these 182, there are 40 in prior lien assignments; 62 are currently slated for this year's lien assignments; collection of the lien is handled by the lien company with payments from the homeowner; and the Town is not aware of any foreclosures on the lien properties.

Mr. Milone advised that one of the conditions in the bid specs is for the company to wait one year before initiating any foreclosure actions, and to work with the town on this issue. He noted the Town has been paid for the delinquent taxes by the collection company, which then works out a payment plan with the property owner.

CULTURAL SERVICES: Library, Library Board, Performing and Fine Arts Commission – Page 157 Budget Book. Ramona Burkey, Library Director

Mr. Milone stated the Library budget increases by \$89,000. The Library took a \$39,000 hit last year and the current budget is \$59,000 less than two years ago. 2016 budget was \$1,725,727, and this year's estimated expenditures are \$1,701,447.

Ms. Burkey, Library Director, explained the Library had a supplemental management position with a new hire at a lower step. There have been gradual savings due to out-sourcing some of the operations to patrons or private companies. 60% of out-sourcing is done through self-checkout and out-sourcing of materials; demand and business has increased over the last 10-12 years with level staffing levels; and there is some savings.

Ms. Burkey requested restoration of most staff positions. Last year two (1) 25-hour positions were vacant; one position was eliminated; one position was frozen for the fiscal year. Ms. Burkey is requesting the frozen position be reinstated in the coming fiscal year, understanding the other 25-hour position is gone. With the 25-hour and 15-hour clerk positions reinstated the Library will be almost up to past staffing level.

This year the Library generated \$40,000 of savings. Administrative staff is working more with public service and programming hours, to the detriment of administrative tasks. The Clerk position is funded in this fiscal year, but was vacated in summer 2017, then frozen and not filled. With additional vacancies last summer there was no staffing for summer Saturday hours; this summer the Library is down 95 staff hours; with positions restored for the 25 and 15 hour positions there is a chance to open summer Saturdays in 2019.

Staffing Levels – 2017-18 same staffing levels at 2015; staffing per hour down by 13.2%; Library users is +67%; open hours +17%; program attendance 276% more than 13 years ago; Library costs per Usage is down 30%; much is being done with technology; there is more efficiency and steps to accomplish work and elimination of unnecessary processes.

Handout Page 28 – Decision Package – Senior Library Associate, 25 hours per week. Ms. Burkey informed the Council that the Library spends about \$60,000 annually for outsourcing costs for cataloging/processing 16,000+ new items, tied into a specific vendor, Baker & Taylor which supplies the majority of books and materials. With this service about one-third of management employees must re-work the data, deal with invoicing issues, and the cost comes directly out of the book budget, with a loss of 25%-30% of book purchasing power...about \$60,000.

According to Ms. Burkey the most efficient and effective way to handle these duties is to hire a 25-hour a week staff member. This would also enable staffing for summer hours, and elimination of use of this vendor. Restoration of the 25 hour and 15 hour per week positions, a fully trained person in-house, will handle the duties, the Library is back to full service, which will provide more time getting materials on the shelves.

Mr. Talbot asked about the budget reflecting a savings of about \$60,000, and a \$47,000 in personnel.

Stating that is correct, Ms. Burkey said the \$60,000 outsourcing cost would not be spent out of the book budget to pay for these services. The book budget pays for this cost, but has not been increased to accommodate this cost. She said it is less expensive to hire a person to do the work in-house. Full staffing will enhance public service hours.

Without funding the Senior Library Associate position, Mr. Milone would put \$60,000 in the materials line item.

Mr. Veleber asked about the Senior Library Associate hours worked cataloging rather than other services, and freeing up money for books and materials.

Ms. Rutter stated out of 25 hours per week, this position would spend 13 to 15 hours for this work, and the person would work at the service desk, but not do outreach programs.

The Library has the same book budget as last year, with a large amount going to the vendor, and with the Associate position the work would be done in-house. For the purchase of books, Ms. Burkey goes through the Connecticut Library Consortium and the Town authorizes this annually. With regard to the vendor for outsourcing services, Ms. Burkey and staff are very unhappy with the service, and this is not the best way to get the work done. To cover staffing, Ms. Burkey needs to have restoration of the 15 hour Clerk position and 25 hour Senior Library Associate position.

Regarding the 15 hour per week frozen position, Mr. Milone noted Ms. Burkey requested the unfreezing of the Library Clerk position. The Council sent this back to the Budget Committee for discussion and decision. For FY 2017-18 the cost would be \$3,000. She restated there would be no summer hours, and another full time vacancy will occur in May.

Sunday Hours – total cost of \$23,000; funded separately in the budget; very popular with the public along with weekend hours. Ms. Burkey reported on the Sunday concert series with +100 people attending, and has the feel of a Sunday Community Festival. On Sunday, many college students use the Library resources and collection with data bases; children, grandparents, families use the Library on Sunday.

Staffing Sunday hours – the staffing is different from the union contract; union members sign up for these hours, at overtime (time and a half); the Sunday hours funding pays for the costs which are coded to the Sunday line in the budget.

Construction – started on March 26th on the lower level; it will be completed in the summer before going onto the third level.

Self Checkout – this service has been expanded. Page 161, line 5603, one self checkout unit deferred; equipment increase is \$4,500.

Performing and Fine Arts/Arts Place, Page 165 – Joanne Pilarczyk, Director.

Mr. Milone said this is a status quo budget; the only increase is in program services, \$5,937; programs have increased; revenue continues to grow; Library and Fine Arts are now combined under Director Burkey; and there are accomplishments and benefits to both departments.

Director Pilarczyk reported on the success of Arts Day, celebrating its 30th year in 2018, with over 15,000 children participating. She submitted information on recognition of Arts Place current teachers and plans to bring in more famous artists to Cheshire to teach classes.

Ms. Pilarczyk commented on Cheshire being a destination for arts and leisure, bringing in more people and improving business revenue in Town. Arts Place has supported “Art Heals” for 15+ years, along with outreach programs to homebound residents. 36% of students taking classes come from outside Cheshire.

Ms. Pilarczyk expressed appreciation to the Council for their volunteer hours and support of arts in the community.

Regarding the Sunday concert series, Ms. Burkey informed the Council there is no fee to attend the series, and expenses are funded by the Friends of the Library.

Sunday at Arts Place – Ms. Pilarczyk reported the Sunday programs are very popular for people of all ages, and makes art available to everyone.

With regard to fees for classes, the Council and staff agreed there would be no change in fees.

It was pointed out by Ms. Flynn-Harris that the important thing is that Arts Place is a “school” with professional teachers.

Mr. Bowman asked about why Arts Place is not called a “school”...i.e. “Arts Place, a Community School” ...to create more interest and activity.

There is a new sign at Arts Place, and Ms. Pilarczyk noted it says "school". She also wants to make it clear that Arts Place is for out-of-town residents to take classes.

Elections and Registrars of Voters, pages 13 and 60. Susan Pappas and Tom Smith

Mr. Milone stated the total budget is \$126,082 and he recommends the budget as is. He reduced this budget by \$4,100 based on the last nine (9) years of trends, with reduction of one position (poll worker) at each of the polls for the upcoming two elections. He had asked for a summary of detail which was never received. Mr. Milone based his decision on the trends, and assumption other departments are cutting back.

According to Mr. Smith the budget is \$4,000 less for this year as all staff is now certified.

Mr. Smith informed the Council that each polling place has an assigned number of workers that cannot be cut.

Ms. Pappas advised that this is all part of the mandated EDR (election day registration at Town Hall).

It was noted by Mr. Milone that the department has provided the same level of service for much less than \$33,000 since 2013, and the Town is looking to reduce expenditures and save money.

Mr. Talbot referred to page 15, Line Item 5106 Salary/Wages. He noted 2017 it was \$15,346; in 2018, \$18,170 will be expended; it nearly doubles for 2019 to \$33,100, and he asked where is the \$15,000 increase compared to last two years of spending.

The Council was informed by Mr. Milone there is another election factored into this fiscal year. He also took into consideration there is no even trend year after year, as some years have more elections. He felt he could cut the \$4,000 and the department could live with this change.

Mr. Smith stated if there is a position, it is mandated, and explained it is hard to get volunteers to do the work now. The same number of people are needed, but the department still looks for ways to cut costs.

With regard to the issue of stipends for extra elections, Mr. Smith said the Registrars were not paid for the Linehan-Falvey recount, which was a week's worth of work. Mr. Smith and Ms. Pappas requested this stipend to the State; it was declined as not being a referendum or primary; so they are requesting a stipend payment from the Town. In past meetings with the Council they understood payment would be made for special election events, with recounts falling into this category. The payment is \$450 per Registrar (\$900 total) reduced from the 2015-16 budget payment of \$550 per Registrar.

Mr. Slocum commented on the Registrars having a set rate of pay, and how they earned this is based on this set rate. The Council must see what the pay rate is and vote on it...and it must be fully understandable to the Council.

Mr. Smith submitted a letter from the Registrars for the record.

In the interest of clarifying this, Mr. Milone said this stopped at his office. He felt the stipend request did not meet the conditions of extra payment which the Council established. This must be clarified, and can be discussed/reviewed over the next three weeks, with the Council making a decision on payment.

Ms. Pappas said the incident bore out that the machines work fine, but the Registrars followed through on the option exercised from Mr. Ecke. She stated the Registrars should be compensated for their work. She referred to budget book 2015-16, page 15, special elections stipend \$1,100, \$550 for each Registrar, and going forward they never got \$550.

It was clarified by Mr. Milone that it then goes back to the terms of the Council approval, and this is what was being administered. What is in the 2015 budget book does not give authority to make a payment to the Registrars.

The issue of work hours and rate of pay at 35 hours, 17.5 hours per week per Registrar was raised by Ms. Pappas. The office is open 9 a.m. to 3 p.m. and a half hour is missed; the work week should be 36 hours, 18 hours per Registrar; this makes the hourly rate go down; $36 \times 26 = \$652$ per year in unpaid hours.

Mr. Slocum thought the Registrars have much flexibility on running the office. They are allocated a salary with expectation of the hours to be worked to earn this salary. So, Registrars are saying they are in the office 36 hours, paid for 35, and should stay only for 35 hours.

One full time equivalent employee is 35 hours per week, and Mr. Milone said the Registrars were split 17.5 hours per week. The salary is the same whether divided by 18 or 17.5 hours...and will not change. The hourly rate will change; the gross will not increase; and Mr. Milone suggested there be a written statement submitted to the Council for review and clarification.

Ms. Pappas noted the Registrars do not receive Town benefits.

In that regard, Mr. Milone stated their work hours do not reach the level to receive benefits.

**Administration and Finance: Town Council; Town Manager;
Town Attorney; Probate Court; Finance Department; Board of Assessment
Appeals; General Services – page 44**

Finance Director James Jaskot; Assistant Town Manager Arnett Talbot.

Mr. Milone referred to page 44, Town Departments that make up Administration and Finance. The increase in this area is \$654,567; most of which is pension and retirement plans increasing by \$257,000 and Medical Benefits increase of \$212,000.

Town Council – Ms. Talbot noted a \$1,700 decrease in this budget; advertising costs were over budget due to the Town Charter revision \$9,900; Clerk of the Council \$15,000; 5409 – \$24,000 is for GOVUSA, consultant for Town Manager position; 5603 - \$800 for audio/visual equipment and repairs.

Town Manager – budget decrease of 1.6%, \$7,699. Line item 5102 – 2018 estimate expenditures of \$523,370 (includes Town Manager severance pay); overtime is at a minimum.

Mr. Milone pointed out that overtime is reduced with more efficiency in the operation of the Town Manager's office, reclassification of Ms. Talbot as Assistant Town Manager (no more overtime payments). He commented on Ms. Talbot having more authority and responsibility, assisting in the transition with the new Town Manager, and there is benefit for everyone involved.

Town Attorney Page 7 and handout pages 2, 3, 4 – This budget increases by 9.39%. Handout, Page 3 – illustrates the history of the Town Attorney 1998-99 to 2018-19; half the time the cost is under-budget and half the time over-budget.

Page 4 – shows the big items handled by the Town Attorney in those budget years.

Page 2 – the budget appropriation can be reduced; there are no major matters coming before the Town requiring legal services; last year Town Charter (\$30,000) and Chapman Property (\$30,000) were extra legal fees; and the DOC lawsuit went on for four years, and is now completed. Ordinance matters are normally within the Town Attorney legal fees.

On page 7, the Town Manager recommendation for Town Attorney is \$393,800. The recommendation of the Town Attorney was \$408,600; the Council can reduce this appropriation; it was recommended to reduce it to \$360,000. Labor costs are calculated into the legal budget.

The legal fees are only for the Town and the BOE uses a different attorney.

General Services – pages 37 to 39, page 5 in handout –

Electronic Media Coordinator Position – Ms. Talbot reviewed the request for this new position budgeted at \$61,503. She referenced a report from Government Magazine on effective government outreach with social media, and accuracy and timing of information to the public. According to Ms. Talbot there is not enough time for staff to work on the web site, Facebook and other social media, and there is overtime involved

for staff associated with these tasks. The people handling this work must have good judgment and communication skills and access to all departments. There would be contractual savings of \$25,000 with this position, which can be used for web site development. The BOE and Town could share this position and costs.

Mr. Milone said it is apparent a full time person is needed to take on the responsibilities of social media. There is also a need for continuing exchange with people, be available to talk to people timely and accurately, maintaining a high level of service and timely response with accurate information.

The new web site will be up and ready by July 1st. Ms. Talbot checks the web site a few times a day to insure the information is correct.

General Services, Page 37 – Other than the Media Coordinator position, this budget would have decreased. Postage and telephone costs have leveled off or been slightly reduced; telephone maintenance is \$18,000 this year; GIS maintenance \$3,000 this year...there were some capital funds to accomplish some things needed to be done.

Regarding obtaining building permits, Mr. Bowman asked if there is a vehicle in place for people without access to a computer to obtain permits.

Mr. Milone advised that staff will help a person in such instances. They come to Town Hall and get assistance from staff with obtaining a permit.

Mr. Bowman raised the issue of ADA compliance in the Building office desk area.

Mr. Milone said he would check on this and insure there is ADA compliance.

Finance, Page 19 – Accounting, Treasury, Tax Assessor, Tax Collector

Mr. Jaskot noted salary account increase of 2.45%; non-salary line items decreased; this is a maintenance budget; increases in Finance 1.585; Tax Collector 3.82%; Tax Assessor 1.71%.

Mr. Jaskot reviewed the changes with department positions. One position was eliminated; one person had a dual role, and was split between two departments (Finance and Tax Assessor); this person took the open Payroll Coordinator position; another person took the dual position.

Property Revaluation – there will be a statistical revaluation in 2018.

General Insurance Page 28 – this budget has a decrease of 5.85% from last year; consulting fee has remained at \$12,500; the insurance rate increase estimate was high, and then it was held constant at one-half of what was estimated.

Information Technology Page 29 – 4.46% increase, +\$19,000.

Apex Technology has maintained its fees for 3+ years. There was a MUNIS software upgrade this year; Apex worked on this project with staff; and the firm services the Town and BOE. The contract must be renewed, and Technology Committee will schedule a meeting.

Page 30 - Contractual Services/Technology - \$20,880 on-line permitting.

Public Property, Page 41 – This is the budget for all buildings and utilities. \$15,000+ in maintenance account; \$18,000 increase for natural gas; \$5,000 performance contract for projects; electrical costs \$294,600 (\$36,000 less than 2011); changing from oil to natural gas savings will be reviewed and discussed with PW Department. Savings from the solar farm are built in for two months this year and 12 months next year.

Employee Benefits, Page 47 – Pensions increase by \$256,000.

Mr. Milone cited some of the many programs in place...health screening, wellness programs and newsletter, employee assistance.

Medical Benefits, Page 49, Handout pages 20 and 21

Handout, Page 20 – comparison information on appropriations FY 12-13 to FY 18-19. Medical benefits and pension continue to grow.

FY 18-19 appropriation is \$3.13M, increase of \$212,020, 6.84%; this is 10.39% of general government budget; use of trust fund \$150,000.

Over these years things have been done to bring down cost of medical benefits, i.e. rate changes late in the year, elimination of positions w/corresponding medical benefits taken out; FY 13-14 and FY 15-16, everyone was negotiated out of the HMO into the self-insured program with savings of 10% to 15% per premium; stop/loss insurance was moved to CREC program with savings generated.

Page 21 – Town Trust Fund Balance as of 2/28/18 is \$1,381,546. Based on estimated scenarios the Town fund would have a balance of \$1,189,994 on 6/30/18. There have been some recent bad claims experience; there is utilization of \$150,000 to bring down costs; this leaves a net balance of \$1.03M. There could be rate reduction information from the consultant, possibly in the reduction range of 6%. The trust fund is a discussion point for the Town Council.

Page 20 – Mr. Milone reported there are funds in the VEBA for the Police Department retirees; this account has not been sufficient to meet the full costs of these medical benefits; \$150,000 is from the trust fund and \$50,000 is from VEBA; consultant estimated 1.5% increase, and based on expected claims it could be 10%. The likely increase is \$300,000, with \$50,000 taken out.

Pension, Page 52 and Handout Page 9-15.

Page 9 shows the 10 year history of the total costs for retirement and pension plans.

Four components – Town pension plan, Police Plan, Deferred Comp and Other.

Page 13-14. CPD Plan grew from contribution of \$702,765 to \$1,752,765 over a five year period.

Deferred Comp – grew from \$90,000 to \$285,848.

These two plans have been the cost drivers; FY 13-14 these benefits were 6% of the General Government budget; FY 18-19 they are 9.4% of this budget.

In FY 13-14 the Town closed out all the plans; savings are not realized for some time; and there had to be enhancements to the Police plan. There were increased benefits creating a richer payout, which increased liability; there were no new employees contributing to the plan; cash flow went down; liability went up. People were put in the deferred comp plan with the Town making contributions, and money is going into their accounts. At some point the Police Plan comes down, and deferred comp level off.

Police Department pension is capped at 90% which will have a positive effect on the growth trajectory of the contributions.

The Town has had a year+ of robust investment returns.

CPD Plan Handout Pages 16 & 17 – there are options to phasing in to reach the contribution level.

Option D – is now being used. Contributions increased by \$300,000 annually getting to ARC by 2021. If Council cuts this contribution by \$50,000 the Town reaches the ARC in 3+ years. The Town can move to Option C.

Handout Page 10 – Mr. Jaskot reported the CPD plan contribution this year of \$1.452M; in the proposed budget it is suggested to go to the \$300,000 increment; in FY 2020 the plan would be where it needs to be.

According to Mr. Jaskot, asset growth is robust. For the Town plan there has been payment of 100% of required contributions for several years; Police plan is funded at 59.9%; Fire Plan is funded at 46.2%.

Handout Page 11 – Actuaries use a 7.5% rate of return assumption; Town and Police plans have a 13.06% return for the past year and 11.03% since plan inception.

Retirement Board – Mr. Jaskot complimented the board members for their work. Assets are diversified amongst styles and managers. FY 08-09 the Town was at 8.5% for a long time; and went down to 7.5%. Mr. Milone said this is why our liabilities grew over a short period of time, with lower interest rate and plan contribution.

Handout Page 13 – Mr. Jaskot cited the line with \$72,717,997; one year return of 13.06%; five year return 6.97%. This is just short of the 7.5%. Since plan inception it is 11.03%.

Investments – VEBA, \$310,000; Firefighters Plan, \$1.96M; OPED, \$635,779.

Handout Page 15 – Total Asset Benchmark - \$67,557,672 went to \$72,717,997.

Handout Pages 18 and 19– Town and BOE Plan – Projected contributions based on most recent valuation, July 1, 2017. Town contribution, \$1,788,342 FY 2019 budget amount; this is a closed plan that caps out and starts coming down.

Volunteer Firefighter Plan – this is not a closed plan; contributions have a modest increase going forward.

Book Page 50 – Workers Comp.- this budget increases by \$17,144, 2.29%.

Mr. Jaskot expects this amount to decrease; CCM quoted a 3% increase, using last year's payroll information; the increase could be 4%; insurance information will be revisited.

Heart and Hypertension - \$522,000 claims payout projections. Town Manager recommendation is \$350,000. \$568,000 cash in the reserve fund, and at the end of the year this account could be down \$100,000 to \$150,000. There is a \$40,000 per month payout from this fund. Mr. Jaskot said this account could need more funding, as one claim is responsible for 80% of the costs.

4. ADJOURNMENT

MOTION by Mr. Falk; seconded by Mr. Slocum

MOVED to adjourn the special meeting at 9:00 p.m.

VOTE The motion passed unanimously by those present.

Attest:

Marilyn W. Milton, Clerk