

MINUTES OF THE JOINT TOWN COUNCIL SPECIAL MEETING AND BUDGET COMMITTEE MEETING HLED ON WEDNESDAY, MARCH 12, 2014, AT 6:30 P.M. IN ROOM 207, TOWN HALL, 84 SOUTH MAIN STREET, CHESHIRE CT 06410

Present

Chairman Timothy Slocum; Vice Chairman David Schrumm; Patty Flynn-Harris, Liz Linehan, Sylvia Nichols, Robert Oris, Thomas Ruocco, James Sima, Peter Talbot. Staff: Michael A. Milone, Town Manager; James Jaskot, Finance Director; Gina DeFilio, Deputy Finance Director; Michelle Piccerillo, Human Services Director.

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. AUTHORIZATION TO APPY FOR A CONNECTICUT DEPARTMENT OF HOUSING SMALL CITIES COMMUNITY DEVELOPMENT BLOCK GRANT FOR \$300,000 FOR THE RENOVTON OF THE SENIOR CENTER BASEMENT.

This item was moved to later in the agenda.

4. PROPOSED FY 2014-2015 OPERATING BUDGET

General Overview: *Summary of Expenditures, Detail of Items of Expenditures/ Key Cost Drivers, Revenues, Mill Rate Review, Fund Balance Policy, Reserves, Contingency.*

Programmatic Budget Presentations: *Human Services Department, Youth Services Committee, Human Services Committee.*

There are two budget books – a summary book and tab book.

Summary Book-Page 1. Mr. Milone stated that the total FY 2014-15 operating budget is \$104,284,620; an increase of \$3,953,600 or 3.94%. There are five separate components identified in the operating budget, and Mr. Milone reviewed them with the Council.

General Government -	\$28,666,452; +\$1,337,216, +4.89%
Education -	\$66,890,621, +\$3,182,441, +5.00%
Debt -	\$ 7,502,547, (\$566,057) -7.02%
C.N.R. -	\$ 1,100,000, 0 0
Contingency -	\$ 125,000 0 0

Water Pollution Control Department Budget proposed budget is \$3,484,674.

Community Pool Budget is proposed at \$753,111. These two budgets are special revenue funds and are not included in the General Fund nor in the tax levy.

Page 4 – Identifies the key areas in the General Government component of the operating budget and FY 2015 increases.

Medical Benefits -	\$361,089, 12.15%.
Personnel Services -	\$352,079, 2.82%
Pensions -	\$333,817, 17.92%
Contractual Services -	\$207,247, 3.96%

Under “Contractual Services” Mr. Milone defined the areas of increase. \$65,000 for the increase in RWA and CL&P rates; \$45,000 increase in the solid waste contract; \$36,000 increase for equipment/maintenance; \$20,000 increase in building maintenance. This equates to \$166,000 of the \$207,247 increase in this line item.

Page 7 – Education Component. The total Department of Education FY 2014-15 budget is \$66,890,621, or 64.1% of the total operating budget. The increase is \$3,182,441 or 5.0%; key increases are Full Day Kindergarten, \$856,000 and Medical Benefits, \$1,048,141.

BOE Medical Benefits Trust Fund – Mr. Milone reported there is a balance of \$1.4 million in the trust fund, and funds from this account will not be used to reduce the BOE budget in FY 2014-15. There are areas of the BOE budget that are too tight to make changes, and Mr. Milone does not have the expertise or authority to make judgments on policy for the school system.

Regarding the BOE medical benefits trust fund number, Mr. Milone said it is about two months old; there have been some updates in the last few weeks; and Mr. Masciana will report on the monthly experience and whether it is going up or down. This information could change the projections.

Debt Service Component - \$7,502,547, 7.2%; total decrease is \$566,057 or 7.02%. With the plan for the debt refunding in April there will be a savings generated of \$800,000. Mr. Milone recommends that \$450,000 from the refunding be put into the Debt Service Reserve Account.

Page 4 – Medical Benefits – Mr. Milone is assuming the use of about \$200,000 from the trust fund; the fund balance is about \$1.5 million.

Pensions – The fund has a reserve of about \$507,000; \$150,000 will be used or the increase would have been \$150,000 higher. The pension spike drops off after one more year; we are year #3 of the 4 year plan; FY 15-16 is the last year of the spike, and then the pension increase will be about \$150,000 per year. This comes a year before the spike in the WWTP debt service payments. There is a healthy reserve for the pension, and the analysis will be reviewed with the Council. FY 15-16 will be the last

year of the \$350,000 increase. This reserve fund can be revisited as there will be money left over after dealing with the spike.

Pages 2, 3, 4 – Mill Rate. The proposed mill rate for the FY 2014-2015 operating budget is 30.7 mills; this is an increase of 3.1 mills or 11.2%.

The charts on page 3 illustrate the sample assessment valuation changes for 8 properties in Cheshire, and the tax impact at the current 27.6 mills and proposed 30.7 mills.

Mr. Milone pointed out that the revaluation assessment and proposed 30.7 mill rate will have a tax impact on both smaller and larger houses. In a year without revaluation, the percentages are closer to the norm, and this year there is an incredible disparity, and most homes will see a decrease in value.

Page 4 – This page illustrates the average assessed value and tax payment for the average taxpayer for real estate and two motor vehicles using the current mill rate of 27.6 mills and proposed 30.7 mills. For FY 15, at 30.7 mills, the average tax increase will be \$235, or 3.47%.

Handout 3/12/14 – Page 2. This page illustrates the tax impact/distribution by levels of increase; the average assessment used is \$280,000; 9,268 properties in Town; 3,456/37.29% will see a tax decline. Tax increases in increments is cited, and an example would be 1,040 houses seeing a tax increase of less than \$100, and 1,661 houses having a tax increase of more than \$500. 60% of the population will see a tax increase of \$200 or less. Some of these increases are due to market changes and are impacted by home improvements, additions, some improvements and additions done without permits. In the revaluation, condominium units showed a 15 to 20% decline; the median commercial property went down 8.3%; residential units went down 8.1%.

It was noted by Mr. Schrumm that higher value homes decreased more than lower priced homes, and the recent revaluation has shown a greater disparity than in prior revaluations.

Mr. Milone stated that Tax Assessor Panagrosso will put together information on the average assessed value in each of the groups cited. He informed the Council that there have been few challenges for the residential revaluations and more in the commercial market.

Handout, Page 1 – This page illustrates the tax payment, average taxpayer for FY 2014 and FY 2015, using the Average Assessment and Taxes on the Average Assessment. The variance between 27.6 mills and 30.7 mills is \$235 tax increase or 3.47%.

Mill Rate Comparison – one mill = \$2,645,528; .1 mill = \$264,553; for each 1/10<sup>th</sup> mill reduction there is a budget adjustment of \$264,553; for a mill rate of 30.50, average taxes would be \$6,971, \$190 increase/2.80%, and a budget adjustment of \$529,106 to

make this happen. The adjustment could be a combination of revenue increases and expenditure reductions.

There will be commercial adjustment tax information prepared by the Tax Assessor's office for the Council for a meeting next week. Condominiums are dropping 15% to 20%; the median commercial property declined 8.1%.

Page 8 – REVENUES – The revenue summary provides details of key revenue change areas for FY 2015.

Current Tax Levy – increases by \$3,205,726. This area is driven by the mill rate increase and \$883,000 is in Grand List growth.

W.S. Development Building Permit \$410,000 before June 30, 2015. This revenue reflects about 40% of the building permit fees for this development; once the stores are on site the revenue will increase, and could be \$600,000, \$800,000 up to \$1 million over a period of time. Mr. Milone explained that he and Town staff went through the construction outline from W.S. Development provided. The developer was informed of the assumptions made by the Town, and W.S. said it was on the mark.

Tax Relief Reserve, \$300,000. Mr. Milone is recommending use of \$300,000 for FY 2015; this is in addition to the \$700,000 and is a one time revenue support.

Mr. Milone read an excerpt from Page 2 (Summary Book) into the record.

Page 10 – There are 9 major projects which have financial impact, and 5 of these projects cross many departments. Other projects (pump station rehabilitation, Senior Center basement renovation, park improvements, playground equipment replacement, replacement of rolling stock, and school improvements) are planned and await Council action during the capital budget process.

Mr. Milone read an excerpt from page 10, para. 3 into the record.

The past five budgets have been lean and austere, and Mr. Milone said a big part of the pressure is pension and medical benefits; personnel increases by less than 3%; and other non-salary items are not creating significant expenditure pressures.

Page 11 – Mr. Milone commented on the safety nets in place and briefly reviewed them. Fund Equity - \$8.8 million, or 8.85% of the FY 2014 operating budget (does not include \$200,000 committed for bulky waste collection appropriation); balance will stay above the 8% minimum which is maintained.

Surplus of about \$450,000, which could be conservative number. With pressure on the PW Department (relative to snow and ice) it is hoped the numbers will understated, as this is the lowest projected surplus.

Debt Service Reserve - \$5.519 million; with refunding money this will increase to about \$5.8 million.

Pension/OPEB/Heart and Hypertension Funds – all have significant funding.

Medical Benefit Trust Fund – has a balance of \$2.6M; Town \$1.46 million and BOE \$1.1 million.

WWTP – fund equity of \$680,000 or 20.4% of operating budget expenditures.

Page 12 – Major Goals (para. 2) Mr. Milone read into the record. A priority is financial sustainability and viability. Mr. Milone wants to start projecting budgets 3 to 5 years out; expand reserve accounts; reduce debt service; explore using CNR money (\$300,000 to \$500,000) as an expenditure resource or put the money into the debt service reserve; Interest rates are at an all time low, and putting some CNR funds into debt service reserve, or use it to pay off some of the pension increases, the impact of additional cost to the Town would be minimal. Cheshire has the highest and second highest credit ratings, and the Town has a way to deal with future financial problems.

Page 13 – Community Pool. The finances of the pool must be stabilized; next year the pool will be budgeted for  $\frac{3}{4}$  of the year; the latest information from PBC is construction of the new structure during the summer; and the budget can be crafted once the time line is in place. The pool would open in October with the pool budget developed for October 1, 2014 through June 30, 2015. With the change in expenditure levels and increase in revenues, the pool subsidy will be lower, and reduced to about \$250,000. It is recommended that the pool deficit be paid off, \$47,000; take \$100,000 of the insurance settlement into the pool fund balance so the facility will start with a balanced budget and reserve fund; there is \$340,000 in cumulative insurance between the insurance payment, dehumidification settlement, FEMA money. It is recommended that one half of this money be set aside for purposes of stabilizing the operation. Until this is done the facility will be a drain on the General Fund.

Grand List Growth – Mr. Milone reported that Bozzuto's, Marbridge Convalescent Home, Housing Authority and W.S. Development are projects which could provide more tax revenue. FY 2016-17 should see the year when new tax revenue will be seen from the W.S. project, and it could up to \$1.7 to \$1.8 million in revenue.

Dept. of Corrections – there is the potential for repayment of back billing charges for the Cheshire facility. Mr. Milone said he will continue to go after this money because it is realized how badly DOC has treated Cheshire, how disingenuous DOC has been to the Town, and the false promises. There is a hearing in Hartford on March 17<sup>th</sup>, on Bill 5484, at 10 A.M. on this Cheshire only bill, and Mr. Milone invited Councilors to join him and testify at this hearing.

It was suggested that Cheshire contact other prison towns, and find out if their gauges are working and being checked at their prisons.

Page 10 – Mr. Schrumm discussed the reserve funds. Pension has \$507,000 balance, with less than \$250,000 drawn down this year; Heart and Hypertension fund has a \$1.1 million balance.

Page 5 – Functional Areas of Town Government.

Administrative and Finance - \$11,383,310, 10.9% of the budget; total increase of \$879,000, 8.37%; key increases in employee benefits \$693,349; pension \$316,817; medical/life insurance \$358,708.

Planning and Development - \$520,801, .5% of total budget; increase \$8,999 or 1.76%.

Public Safety - \$6,573,529, 6.3% of the total budget; increase of \$196,682, 3.08%; key increases for Police \$108,618, Fire, \$66,545, Building Inspector \$26,963.

Mr. Milone advised that Fire Chief Casner is requesting a new fire inspector for one half of the year, \$26,700 cost. This is due to the fact that W.S.Development will require a full time fire marshal on this project. Hiring a fire inspector will be less costly. The Building Department must hire a building consultant for 14 to 15 months, at a cost of about \$20,000.

Public Works - \$214,000 increase, 4.0%; increase in salary line item \$56,234; Highways, Sidewalks, Drainage \$65,000; Solid Waste \$46,658; increase Engineering Technician hours to 40 per week, \$8,700. Mr. Milone reported that more work is being done in-house generating savings, and recommends 5 more hours for the Engineering Technician.

Social Services - \$12,750 or 1.62% increase; Cultural Services, \$70,543 or 3.8% increase (+3 hours for clerk, \$3,343); Leisure Services, \$62,224 or 3.87% increase; Public Health \$17,258 for Chesprocott increase.

Handout, Page 3 – Proportionate Budget Revisions were reviewed by Mr. Milone. The Town absorbs 30% and BOE 70%. For 1/10 mill, \$264,553, the Town is \$79,364 and BOE \$185,189.

Handout, Page 4 – Budget Analysis for 7 major categories (non-education). The graph shows 5 years of costs per category. Mr. Milone noted some of the categories -- #100 Personnel Services, 5 year average of +\$267,984 or 2.33%. Utilities – 5 year average reduced by \$3,346 as a result of using a consortium for lower costs. Contracted Services 5 year average \$162,205, 3.51%; Equipment \$5,441, 10.15%, and this category has been helped through CNR; Miscellaneous \$2.3 million over 5 years, 42.30% increase.

Handout Page 5 – shows the budgetary trends from FY 1991 to FY 2015, and the adopted budgets and mill rate increases.

REVENUES, Finance Director Jaskot.

Summary Book Page 16 – the multi-budget comparison was reviewed by Mr. Jaskot, who said the budget increase must be supported by a revenue increase. The last 3 columns show where the revenue is coming from, and for FY 14-15 the Grand List Growth of \$888,831 is the largest in a long time.

Page 101 – is the Revenue Budget Report FY 2014-15. Revenue of \$3,325,990, 4.21% increase; collection rate is 99%; tax levy is \$81,217,705.

Page 94 – is the comparison of revenue FY 2010 to 2015; the percentage of the overall budget has increased by 6%.

Page 168 – illustrates the history of the tax collection rate over 10 years; a tax lien sale is being put together and will be given to the Council next month; tax collector expects to hit 99.7% rate this year. \$2 million in assessed value was removed from the grand list pending tax appeals, and this equates to about \$60,000 of revenue.

Motor Vehicle supplemental tax has increased by 15.24%, and this is due to the mill rate increase to 30.07 mills.

Page 103 Budget Revenue Report – Mr. Jaskot reviewed some of the revenues, State of Connecticut \$1.7 million, Mashantucket Pequot Grant \$1.8 million, PILOT \$129,000. He noted the PILOT money should be paid to Cheshire at 100%, but is at 45% payment; Prison is paid at 49.52% and other State properties at 22.14%; and the payments decrease each year.

Page 102 – PILOT payments are defined and described.

Page 105 – Town Departments Revenue reflects about \$410,000 from the W.S. Development project, which is considered to be a conservative estimate. More trend information will be forthcoming before the end of the year, and the building permit number should increase.

Page 107 – reports on the Town grants. Town Aid Roads is \$404,050 which is double from two years ago; Revenue Sharing Bonded Dist. Is \$692,000; Miscellaneous Town Grants, \$1.6 million; sewer assessments at \$100,000; WPCD reimbursement to the General Fund, \$650,000; Fund Equity Tax Relief, \$300,000; Debt Service Reserve-0. Miscellaneous Revenues include encumbrances, cancellations and other revenues.

Page 109 – Education Grants total \$11,009,005; ECS at \$9.4 million.

Page 111 – Miscellaneous Education Grants for tuition, rentals, Birth to Three services total \$485,000; General Fund Equity, \$700,000.

Page 114 – General Fund, Fund Balance Analysis. 2014 estimated surplus, \$432,432; \$300,000 tax relief appropriation FY 2014-15 budget; Fund Balance of \$8,871,645 or 8.85% of GF expenditures.

**HUMAN SERVICES DEPARTMENT, DIRECTOR MICHELLE PICCERILLO**

**Summary Book pages 64-65; Tab Book page 141.**

Ms. Piccerillo stated that the Human Services Department is in its 3<sup>rd</sup> year of the reorganization, and continues to work on collaboration between divisions to meet the needs of the community. The department provides case management services, inter-generational programs, shared services, enhancement of services, updated policies and procedures, all without impacting the budget.

There is a strong partnership with local area agencies, particularly the Cheshire Community Food Pantry, whose services have decreased the demand on the Human Services Department.

The department partners with local colleges and universities that are looking to place interns for training and clinical hours for graduation requirements. Some of the interns work in the department, and gerontology interns work at the Senior Center. The estimated cost for the services performed by the interns would be about \$75,000, so the use of interns as a resource is a great savings.

Ms. Piccerillo stated that the department continues to pursue grants, and is submitting for a Small Cities Community Development Block Grant for \$300,000 for the Senior Center basement renovation project. She is also filing for a DOT \$40,000 grant to purchase a mini-bus for the Senior Center. For smaller number of transportation needs the Center uses a Town passenger car rather than the bus.

This past year the department completed a town conversation on aging program, using focus groups, and gathered data on service gaps and what is being done most effectively for seniors. A report will be published for the community.

The Council was told by Ms. Piccerillo that the number of homebound seniors is increasing; that there are many isolated seniors in the community; some have health issues and outreach is difficult; and they do not have regular family visits or interaction. The budget has a request to increase the senior service work position to provide services and outreach to these people.

The clinical services to families and youth have been greatly impacted. There are severe mental health issues in Cheshire, so there are a variety of mental health issues at a younger age, and requests for youth and family services. More service hours are needed to meet the caseload and needs of the community.

Ms. Piccerillo stated that the mission of the department is to meet the basic needs of the people in the community. Only those who need a higher level of care are turned away by referral to hospitals .



Calculation of Referrals – Ms. Piccerillo stated that there is a 20% increase in referrals and new cases; 40% increase from July 2012 to July 2013; and people often wait 2 to 3 weeks to receive services from the Human Services Department.

There are two new youth programs at the high school and middle school which are popular with these students as there is a lack of connection with these students. The programs are “Youth Philanthropy Program” and “Parent Youth Advisory Council”.

Ms. Piccerillo reported that the department is taking advantage of the I.T. Department at the high school, using face book, the web site, and staff attends development training.

With regard to the Youth Services Committee and Human Services Committee being combined into one committee, Ms. Piccerillo explained that Youth Services is the only committee with 5 youth members and 7 adult members. This committee’s focus is on youth programs and support of youth services. Human Services Committee focuses on the social services and senior services areas, and each committee has evolved on its own. Human Services is working on creation of mental health resources, problem gambling, and is hosting a program in April 2014 called CAP.

In the next fiscal year, Ms. Piccerillo said the department will continue to seek grant funds, review process and procedures and programs, formation of a Juvenile Review Board with the Police Department and seek grant funds for this organization. Youth Services Committee is spear-heading programs for implementation in the school system (STEPS). Ms. Piccerillo stated that this program has been undertaken in Southington, has had great success, identifies assets within the community, and promotes asset projects, and takes place in every classroom in every school in the town. The department will be in a position to apply for drug free community grant and for a variety of other programming.

Page 141 Tab Book – Human Services Department Budget FY 2014-15 increases by \$13,130 or 1.68%. Mr. Milone supports the increase of 5 hours for the Youth and Family Counselor (page 148) at a cost of \$7,100, and Senior Services Social Worker (page 146) to 25 hours at a cost of \$6,550. There is an offset in Youth Services (page 149) “Other” category which is reduced by \$9,000.

Ms. Piccerillo explained that the \$9,000 was used to pay the clinical supervisor to supervise the interns as required by university standards. She is looking to hire an approved supervisor as part of the staff to fill an existing position, and no longer pay for outside services.

Program Services at the Senior Center increases by \$1,500 to support the many programs at the Center.

With the salary increases for the two department employees, Mr. Milone advised that one person has single benefit coverage and the impact is \$6,100, and the other employee has waived benefits without any change to the waiver payment.

At the present time the department has 5 clinical interns, and Ms. Piccerillo noted they are graduate interns, who serve the department on a 12 month term.

Mr. Schrumm asked about payment for services provided by the department for people who can afford services through medical benefits. With the demand for services being so high, he noted there are people of higher income levels using the free Town services.

In response, Ms. Piccerillo explained that in the Social Services division there is an assessment because it is all income based. The clinical division serves people and families in crisis, many with economic difficulties plus anxiety over such a situation. The department does not get into financial assessments in these cases. Billing for services would require a tremendous process, amount of work, and hiring of a full time person to handle this work.

Regarding the increase in staff hours and associated costs, Mr. Sima asked if there is any change in the co-pays for the health care benefits. He asked about the money needed to compensate the added staff hours from 14.25 FTE to 15.3 FTE is all accounted for.

Mr. Milone said the employee contribution level remains the same as do co-pays. One person is on a waiver and this payment does not change, and the additional \$6145 has been rolled into the calculations.

3. AUTHORIZATION TO APPY FOR A CONNECTICUT DEPARTMENT OF HOUSING SMALL CITIES COMMUNITY DEVELOPMENT BLOCK GRANT FOR \$300,000 FOR THE RENOVTON OF THE SENIOR CENTER BASEMENT.

MOTION by Ms. Nichols; seconded by Ms. Linehan

BE IT RESOLVED, that the Town Council approves Resolution #031214-1

RESOLUTION #031214-1

BE IT RESOLVED, that the Town Council authorizes the application for a Connecticut Department of Housing Small Cities Community Development Block Grant for \$300,000 for the renovation of the Senior Center Basement and further authorizes Town Manager Michael A. Milone to execute documents necessary for said application.

VOTE The motion passed unanimously by those present.

Ms. Piccerillo reported on the Foote Common housing on West Main Street and the fact that the applications for the housing units are available for moderate income people.

The Council was told that the March 13<sup>th</sup> agenda will include an item on the PBC Pool Committee.

5. ADJOURNMENT

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

MOVED to adjourn at 9:10 p.m.

VOTE The motion passed unanimously by those present.

Attest:

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Marilyn W. Milton, Clerk