

MINUTES OF THE JOINT TOWN COUNCIL SPECIAL MEETING AND BUDGET COMMITTEE MEETING HELD ON TUESDAY, MARCH 18, 2014, AT 6:30 P.M. IN ROOM 207-209, TOWN HALL, 84 SOUTH MAIN STREET, CHESHIRE CT 06410

Present

Chairman Timothy Slocum; Vice Chairman David Schrumm; Patti 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; Robert Ceccolini, Parks & Rec Director; Sheila Adams, Pool Coordinator.

Guests: Keith Goldberg, PBC; Kevin Wetmore, Pool Subcommittee.

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. CALL FOR PUBLIC HEARING ON APPLICATION FOR A CONNECTICUT DEPARTMENT OF HOUSING SMALL CITIES COMMUNITY DEVELOPMENT BLOCK GRANT FOR \$300,000 FOR THE RENOVATION OF THE SENIOR CENTER BASEMENT.

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

BE IT RESOLVED, that the Town Council approves Resolution #031814-1

RESOLUTION #031814-1

BE IT RESOLVED, that the Town Council shall hold a public hearing to consider an application for a Connecticut Department of Housing Small Cities Community Development Block Grant for \$300,000 for the renovation of the Senior Center basement on Thursday, April 3, 2014, at 6:30 p.m. in Room 207, Town Hall, 84 South Main Street, Cheshire CT and

BE IT FURTHER RESOLVED, that the Town Manager shall cause a notice of said public hearing to be posted and published according to law.

VOTE The motion passed unanimously by those present.

4. APPROVAL OF AWARD OF CONTRACT FOR DESIGN AND CONSTRUCTION OF THE POOL TENSION MEMBRANE.

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

BE IT RESOLVED, that the Town Council approves Resolution #031814-2

RESOLUTION #031814-2

BE IT RESOLVED, that the Town Council per the recommendation of the Public Building Commission (PBC) awards a contract to Signature Structures for \$1,783,676 to design and build the tension membrane structure at the Community Pool.

Discussion

Keith Goldberg, PBC Member, reported that the subcommittee put out an RFP for a manufacturer to design and install the structure from the foundation up. Five bids were received; 3 firms were interviewed; Signature was the last firm interviewed. Signature came back after the interview; their number was about \$2 million; and they were told it would not fly if the company wanted the job. The company made adjustments, and came back with the \$1,783,676 as the maximum number. PBC is looking to move forward with a contract not to exceed \$1.783 million, allowing the project to go to design, talk about long range structure making some cost savings to get lower than the \$1.783 million. In order to meet the project schedule into the new year 2015, Mr. Goldberg said we must move forward. Signature Structures is an engineering firm, will engineer the structure, and the pool committee will have an engineer to do the other parts such as HVAC system, electrical and peer review of Signature Structures. An RFP is not out yet for the engineer, who would also assist with the permitting process.

A question was raised by Ms. Flynn-Harris about getting this number down, cost cutting to get to this number without jeopardizing the quality of the project.

Mr. Goldberg explained that the building was rotated to bring the cost down. Signature was the only company which stated this would be a cost savings, and one manufacturer said it would cost more, and another said it was not worth talking about. Signature did its due diligence and got the number down to \$1.783 million. The structure is a tension membrane structure, has a steel frame, openings on both sides (garage doors) to permit good air flow.

With regard to the height of the structure, it is not related to the lower \$1.783 million. The original proposal from Signature was 55 feet high; it is at 44 feet high now; there are height restrictions inside the building due to the diving board; and the height can be brought down more to save money without affecting the dehumidification and air flow. This is why the independent engineer will be brought in to determine what is needed for air flow. When the height is lowered, there is lowering of the sides as well, keeping the angle. Certain requirements were given to the manufacturer so the pitch cannot be changed. The sides are 19 feet high.

Mr. Talbot asked about negatives or a down side to lowering the height of the structure i.e. PSF will be the same option sent out to bid, and 40 feet being the middle number.

The Council was told by Mr. Goldberg that PSF is the load per square foot. This structure is not the same as the Denver Airport which is only fabric without a skeleton. It is similar to the Patriot's training center in Foxboro MA which is 40 feet high. The

code number is 110 minimum; the structure must meet the minimum; and it is now at 125.

Mr. Talbot has heard things about the price and where we are as to the \$3.2 referendum number, and asked where this puts us to the \$3.2 million with all the other pieces to be put together. \$1.783 million is only for the structure.

The packages which remain for the project (HVAC, electrical, sprinkler system for the deck, foundation, lighting and foundation) are the big numbers. Signature will give the price of the foundation, and Mr. Goldberg said we are within budget with the contingency built in. The key is going with a guaranteed maximum price contract, and Signature has pretty much agreed to that. The company has agreed to that; they were told the Town wants a 240 x 120 foot structure; it has height restrictions; we want to get it cheaper; and the cost cannot exceed \$3.2 million.

The issue of awarding a contract for only part of the project, without knowing the costs of all the other parts was raised by Council members.

In this case, the answer is "yes" and Mr. Goldberg said there is no engineer who will design an arbitrary structure. We are using a Signature structure. Other comments being heard involve the impact of the summer season for the community pool, when would construction take place with approval of the resolutions tonight and contract signed.

Mr. Goldberg replied that the Town will not see the structure until September, and the plan is to open the pool for the summer, and close it on August 16<sup>th</sup>.

Town Manager Milone commented on having serious operational reservations to open the pool and telling the public it will be closed on August 16<sup>th</sup>, unless there is an absolute need to start construction on August 17<sup>th</sup>. The question is whether two weeks for the normal closure, when school opens, will be disruptive to the project. He noted that there is a lot of public concern, reaction and abuse coming out on the summer season for the pool.

According to Mr. Goldberg putting up the structure in September requires 6 to 8 weeks, putting us into November/December. The biggest problem is the foundation, and once we have the design we may have to slice up the concrete deck.

Regarding the PZC application on the height for municipal recreational facilities, Mr. Milone recommends going forward and getting the zone change, modify the request, and have the flexibility for more height.

At this time the PZC application is out to regional agencies, and they have been asked to move quickly with their review. The simple thing to do is to exempt the Town from its regulations for this particular project.

With spending the \$1.783 million, Mr. Slocum said there is \$1.42 million left for other parts of the project.

Stating that he believes the numbers are okay Mr. Goldberg said the budget was developed during the subcommittee meetings with the consultant.

Mr. Oris supports the project but has concerns about delivery of the project within \$3.2 million, and has a hard time approving a piece of the project relative to the balance of the budget.

Out of the \$1.783 million, Mr. Goldberg advised that \$80,000 is for design to Signature.

The Council discussed approving the \$80,000 for the design, putting in an escape clause should the project not go forward, getting a pass on the sprinkler system. If the project does not go forward, the Town would pay for the money expended and not risk the full \$3.2 million. With the steel installed after Labor Day it can begin to be fabricated 2 to 3 months before, so the decision can be made in June to go forward.

The \$1.783 million is a locked in price and Mr. Goldberg said with just \$80,000 the price could increase, and steel prices could increase. We are at round numbers at \$3 million.

With signing the \$1.783 million contract, rough estimates, only \$80,000 at risk, Mr. Oris said we are looking into the steel prices. He asked who is responsible for the \$1.783 million, is there a penalty to get out of the contract, and if there is understanding of the contract. Best estimates are at \$3 million, and Mr. Oris said we cannot put this level of taxpayer money at risk, and must know the balance of the project.

The Council was told by Mr. Goldberg that Mythic Sports, the consultant, put the project together.

Kevin Wetmore, Co-Chair of the Pool Subcommittee, said the structure price is down to \$1.783 million; 80% of the cost is the steel and fabric, HVAC and foundation. Signature is familiar with this type of structure, and came up with the list of items to be included. The next biggest estimate is \$300,000 to \$600,000; refrigeration gets humidity down to 60% and a consideration is whether this is needed; the committee is looking to no refrigeration due to the amount of openness of the structure with the sides down; and this would be more cost savings to be used in other areas. The \$80,000-\$85,000 is for engineering and design which is the critical path. From that you can get the footing structure; with change in the structure the footings along the big wall will be used for some savings; but, until the design is in the exact amount for bids is not known. The general trades will not be a big cost, and includes cutting down the big wall, sealing the wall; 2 roofs coming out from the existing wall are no longer needed; and there will be handicapped access. The approach was to get the \$85,000 in for the design, and from the design the project manager will bid out the other RFPs.

The foundation is somewhere in the \$250,000 range and Mr. Goldberg said that with lower HVAC valuation the requirements are reduced.

Since the PBC must come back to the Council with a schematic design, there was a discussion about Signature getting \$80,000 for design; Arcadis looks at the design and how everything will work; there is a blueprint; and we will know then more than we know now.

The foundation costs are known and Mr. Goldberg said the Signature contract went to Town Attorney Smith today. He also said it is possible to pay \$80,000 to Signature for the design only. For the project, the company will be ordering supplies and put Cheshire on the schedule.

This can be done and Mr. Wetmore said we must be prepared to get the steel ordered. He noted pushing back the pool opening also affects the education budget for the swim teams. We need to be able to start moving ahead once we know the \$3 million is the total cost.

There is a need to get the project done but the Council is being asked to approve a contract which has not been read or signed. The question is the round numbers based on the consultant, who did not work out, and the Council needs more comfort level.

According to Mr. Wetmore the consultant was good in getting to vendors, and there were mistakes due to dates on deliverables. Two companies questioned the project being done for \$3.2 million and both said this number is feasible. Council approval is needed to get the design done; 2 months is needed to get the design and engineering done; 75 days is needed to order the steel; and this is adding 3 more months. At the pool, August is a slower month with vacations and back to school. The goal is to move ahead without weather related problems during the winter. This is the right thing to do, and there are areas of savings, with Mr. Goldberg as the expert on construction.

With regard to the Council authorizing a contract for \$1.783 million for a membrane structure, and only expending \$80,000 for design work, Mr. Goldberg stated that there is a clause in the contract to "walk away" and the Town has the right to cancel the contract. The contract has gone to Town Attorney Smith as a standard contract would not be sufficient and the subject contract must be more in-depth. It was understood that the Signature wants to purchase steel and there is a schedule involved with this project. The total project cost is \$3.2 million; \$1.783 would be paid for the membrane structure; the balance is \$1.46 million for HVAC, engineering, foundation, sprinkler system, electrical, general trades. The idea of a breakage fee was raised. The Councilors are struggling with putting \$1.783 million and the project not being done.

Mr. Goldberg advised that Signature gave the committee these numbers. He stated that the pool committee will review everything, ensuring that the biggest risk to the Town would be \$100,000. The contract can be negotiated to push the steel purchase out 45 days, and also get a cost estimate from Arcadis.

The Council made the decision to wait a week while the contract is being reviewed by Attorney Smith, and discuss the pool project at a meeting the week of March 24<sup>th</sup>. Mr. Milone will ask Attorney Smith to get the draft contract back to the Council next week.

Mr. Goldberg said that everything can be held off for one week; Arcadis is approved; they put out the RFP to hire the engineer who will oversee the project, do the peer review of the structure and its being done according to State requirements; and it must be a Connecticut licensed engineering firm. Mr. Goldberg noted that if there is anything wrong with the engineering, Signature must correct the problem.

It was agreed by the Councilors that the Town wants the pool done as soon as possible, with everything being done best for the community with the funds.

MOTION by Mr. Schrumm; seconded by Ms. Linehan

MOVED that Resolution #031814-2 be tabled to March 25, 2014.

Mr. Milone will request Attorney Smith to attend the March 25<sup>th</sup> meeting to discuss the resolution and answer Council questions and concerns. Upon receipt of the contract from Attorney Smith, a copy will be sent to Councilors.

Ms. Flynn-Harris requested PBC go back to Signature and ask them to get everything in order.

According to Mr. Milone there are operational issues, public concerns about the service provided, and he said we must have a tighter, defined schedule which staff will have to defend.

The PBC was requested to get all the numbers to the Council for review prior to next week's meeting, especially the basis for the \$1.783 number for the project. The Council wants to see a complete budget from "0" to \$1.783 million.

VOTE           The motion passed unanimously by those present.

5.       APPROVAL OF AWARD OF CONTRACT FOR PROJECT MANAGEMENT SERVICES FOR THE COMMUNITY POOL CONSTRUCTION PROJECT.

MOTION by Mr. Schrumm; seconded by Mr. Oris

MOVED that the Town Council tables agenda item #5.

VOTE           The motion passed unanimously by those present.

6.       AUTHORIZATION FOR PUBLIC BUILDING COMMISSION TO APPROVE DESIGNS, BID, AND AWARD CONTRACTS TO VENDORS FOR

MECHANICALS, SITE AND GENERAL TRADES WORK ON THE POOL  
CONSTRUCTION PROJECT.

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

BE IT RESOLVED, that the Town Council approves Resolution #031814-4

RESOLUTION #031814-4

BE IT RESOLVED, that the Town Council, per the recommendation of the Public Building Commission (PBC) authorizes the PBC to approve design, go to bid, and award contracts for overall facility design, HVAC, electrical, sprinkler and plumbing, site work, and general trades work within the constraints of the total budget for said project.

Discussion

Mr. Sima stated this motion gives the PBC the authority to go out to each general trade and negotiate the work. As they look at decisions, PBC comes back to the Council with what they have. This is the start of the project.

VOTE           The motion passed unanimously by those present.

7.     DISCUSSION RE: IMPACT OF SUMMER OPENING OR CLOSURE OF THE  
COMMUNITY POOL.

Mr. Milone explained that 2014-15 budget has the pool opening on October 1, 2014, and there is no revenue built into the budget. With the pool operating during the summer the issue must be revisited, with certainty in terms of time lines. The public must be informed and staff hired for a summer season, as people are calling about the summer pool opening. To close the pool earlier in the summer without tangible work beginning the very next day will upset the pool users. Mr. Milone commented on wanting to bolster the fund balance of the pool putting the facility in a stronger financial position.

8.     PROPOSED FY 2014-2015 OPERATING BUDGET.

*LEISURE: Parks & Recreation Department, Parks & Recreation Commission,  
Community Pool.*

COMMUNITY POOL, pages 181 and 120. Parks and Rec Director Ceccolini and Pool  
Coordinator Adams.

Mr. Milone reviewed the information on revenue received following the collapse of the pool bubble. \$257,335 insurance proceeds; dehumidification settlement \$28,923; business interruption loss \$43,722; FEMA reimbursement \$11,000; Total of \$341,080. From the insurance proceeds the Council can use \$83,745 to balance the budget through the end of this fiscal year; establish a fund balance of \$100,000 and end the year with \$101,531; and reduction of the subsidy to \$250,000 from \$331,000. There

will be lower operating expenses with the new structure. A 12 month season will generate more revenue; the subsidy will be lower; and the fund balance takes pressure off the operating budget. There can be use of the fund balance to pay for this year's deficit and put aside a cushion for next year which will start to reduce the subsidy. The gross aggregate amount is \$341,080; there is recommendation to commit \$183,745; this leaves a balance of \$157,335. No more additional revenue is estimated for FY 2013-2014. \$504,642 was the estimated assumption of revenue for next year beginning in October.

For a summer pool opening the facility will open on May 4<sup>th</sup> and close August 31<sup>st</sup>. Ms. Adams said summer passes would be sold, revenue would be raised, staff will be hired, and the pool would close the end of August, and this is when schools starts.

With the pool open passes will be sold, and Ms. Adams can begin swim lessons and parties, but the swim team season(s) and events will be lost.

Mr. Sima talked about the PBC wanting to start work in mid-August with steel delivery right after Labor Day, and needing 2 to 3 weeks to get the foundation into the ground.

The charge to the Council is for the pool to open on May 4<sup>th</sup>; close on Labor Day; with January 1, 2015 as the day for opening of the pool under the tension membrane structure. This is a schedule which can be defended. Ms. Adams commented on revenue and expenditures, and the need to have confirmed dates for the summer opening and closing. The public is demanding to know when the pool will be open, and there is staff to be hired. There are Council concerns about the project going into the bad winter weather. The PBC steel delivery can be moved to late September. It is expected the structure will be open in time for the winter season. There will be a delay in the construction schedule, but the pool will be open during the summer season.

It was noted that there have been public comments made about closing the pool for the summer so the new structure opens in October in time for the swim teams. No matter what happens, someone will be inconvenienced, and the Council must do what is right for this project.

During the construction time frame, Ms. Adams will have work to be done in-house by Town crews, and she will be on site to insure everything is being done that should be done.

(Ms. Linehan left the meeting at 8:20 p.m.)

Mr. Milone stated that Ms. Adams sees things the way the construction people do not see them, and she will be on top of this project and bird-dogging everyone.

Regarding the zone change, Mr. Milone recommended that this be continued before PZC, as it is a precautionary change, and would put the height of Town buildings into the zoning regulations.

Pages 183/184 – Mr. Milone said that Ms. Adams is requesting a full time Maintainer for the facility; taking away the part time custodian position, a \$20,000 reduction; take away \$23,000 for outside contracting services; and the Maintainer will take over all these responsibilities. The Maintainer position is budgeted at \$57,000 for one half year with the position filled in January 2015. The position requires experience with HVAC, mechanical systems, checking gauges, record keeping, lawn work and snow removal along with other duties. The custodian position will be removed from the budget. It is assumed that someone from Parks and Rec Department might be interested in the Maintainer position, which is a Step #3 job. It was emphasized by Ms. Adams that a full time Maintainer is required for adequate pool maintenance on a full time basis now that there will be a permanent structure.

The boiler work with the performance contracting must be done while the pool is closed, and this must be coordinated with Ms. Adams.

Financing on the project should be done within the next two weeks.

Ms. Adams is a 7 hour a day employee but works 10+ hours a day, and she wants to bring in more programs to generate revenue.

#5102 lists all the full time positions; the Pool Maintainer position is \$57,803; it will begin January 1, 2015, and will be pro-rated for half year in the budget.

PARKS AND REC DEPARTMENT, pages 169 and 68, Director Ceccolini

Mr. Ceccolini reported this a status quo budget; there are no new positions; summer theater is now a camp and reflects a reduction of \$15,000 in the budget, and the camp will generate revenue. There is an increase in funds to the Summer Concert program, and the department looks for sponsors for the concerts.

On-line registration is successful, operates 24/7 for program sign ups, and +50% of registrations are done on-line. Parks and Rec programs do very well, and the on-line registration enhances the efficiency in the department office. Credit cards are now being used at Arts Place and the Library, and this was started in Parks and Rec Department.

The Parks and Rec Department has many volunteers including Cheshire Academy, Rotary Club, school students, sports organizations (CYB, football, lacrosse teams) that help maintain the facilities.

Dog Park – must be maintained by Parks and Rec Department; grand opening is June 2<sup>nd</sup>.

Organic/Composting programs are going strong, and Cheshire profiled its program at a DEEP event; Dan Marsaglia and Mr. Ceccolini spoke and presented information.

Winter Season – the Parks crews worked hand in hand with PW crews for snow and ice removal throughout the winter; some money was saved; glitches were worked out; and a good job was done by both crews.

Solar Garbage Cans – Mr. Ceccolini is still checking into these cans and will report to the Council; they will be part of the capital budget.

Director Ceccolini commented on the department staff doing an excellent job, working hard with as little as possible, and providing a good service and product to the community.

Town Manager Milone commented on the Parks and Rec budget as “a lean budget”, with a reduction of \$62,000 this year; the pool subsidy will be \$250,000.

Page 173 – part time line for summer help is +\$9,100 due to increase in the minimum wage; there will be 11 part time laborers this summer; department overtime could be more than \$31,000.

Bartlem Park Garage is very helpful for storage of equipment. Mixville Park has storage in the back which is sufficient for right now; more storage will be needed if this park expands.

EMPLOYEE BENEFITS: Pension, Medical Benefits, Heart & Hypertension

3/18/14 Handout, page 12 – This page shows the tax impact/distribution by levels of increase, and in each level of payment the tax increases.

Page 13 – Sample valuation/tax changes for commercial properties shows the current and new assessments, variance percentage, actual tax consequence on the various businesses. The range was 2.2% to 13.5%. It was noted that for “Bozzuto Vehicles” no other property has this significant list of vehicles; Bozzuto’s value is \$7.2 million, and taxes of \$221,897.

Tab Book, pages 45, 46 and 47. Non salaries benefits increase by \$693,000; page 47 shows the details of the \$3.3 million employee benefit account.

Handout, page 1 – shows 2015 medical and life insurance descriptions and budget amounts; sub-total \$4.12 million; adjustments of \$811,192; grand total \$3,309,762.

Rate increase was 5.67% on the self insured and 27.67% on the HMO, and consultant advised the self insured number would be about 3% and the HMO number down to 15%; the values of these two have been deducted.

Page 2 – Trust Fund Analysis shows BOE at 7/1/13 at \$2,178 million; Town at \$1.52 million; ending balances BOE \$1.13 million; Town, \$1.526 million. The BOE balance is lower due to their drawing down from the trust fund balance for the operating budget, and one month of claims was about \$721,000.

Page 3 – Town Medical Benefits Paid Claims – 3 year history FY 2011-FY 2013; paid claims about \$21,000 over expected.

Page 4 – Town Insurance Trust Analysis - Mr. Milone took the data and projected where the trust fund balance will be at the end of a year for Town, WWTP and Pool. Under each scenario (5 of them) the trust fund is healthy; rates may decrease slightly more; in FY 2011 the Council took \$247,000 from the trust fund.

Page 5 – Dept. of Education Medical Benefits/Paid Claims analysis; claims are running close to expectations.

Page 6 – DOE projected balance at the end of the year could be low as \$411,000 or as high as \$838,000; extra money at the end of the fiscal year will be transferred to the trust fund. Mr. Milone did not touch the DOE trust fund. The DOE number is lower because money to pay claims is coming from the trust fund; claims are almost \$200,000 each month.

Page 2 – outlines all of the items in the trust analysis; BOE \$1 million request puts them in a better position to pay their claims.

Page 6 – shows contributes to be paid, March to June 2014, \$550,000 per month; total of \$3.33 million.

Page 7 – Allocation rates for all new revised plans do not reflect negative changes made where point of service co-pays were increased; single, couple and family coverage rates stated; in 2 months rates will reflect point of service changes.

Page 8 – Distribution of Coverage for employees for the three plans, and waivers; increase in premium contributions 2015 H.S.A. to 5.5%; P.P.O. to 15.0%; Blue Care H.M.O. to 12.0%. Mr. Milone explained that going forward the goal is to get people into the H.S.A. Plan and get rates down. Trust fund money is preserved at the end of the year, and does not go into the General Fund. An H.S.A. summary will be forwarded to the Council.

The BOE is requesting \$1 million to replenish its trust fund; a balance of \$500 at the end of the fiscal year plus the \$1 million will equal \$1.5 million in the BOE trust fund.

Mr. Jaskot commented on the choice, this year, to balance the budget by removing some of the BOE trust fund balance; this is where the \$200,000 is coming from; the BOE is requesting the Council to fund \$1 million to replenish the trust fund.

Mr. Milone said the BOE is trying to replenish up to \$1 million and still fund their medical claim needs. Last year the BOE used \$1.2 million to balance their trust fund; the Town uses \$300,000; there is a constant issue of equity; and there is nothing to prevent combining these two trust funds. In FY 12-13 BOE used \$798,898 from the trust fund; in FY 13-14 the BOE used \$1.2 million, so this is \$2 million in two years.

The Council discussed having more dialogue/conversations with the BOE, if time permits, to talk about their accounts and how the money is used.

Page 9, Pension, Town of Cheshire Pension Reserve Fund – transfer in, \$100,000 in each of the last few years; \$150,000 will be next year's contribution.

Page 10 – Pension Contribution Projections, 7.5% interest rate assumption – Mr. Jaskot said this information replicates the information from the actuarial presentation. Town is going to 7.5% rate of return assumption immediately rather than phasing in to get there and it will take the same amount of time to get to where we need to be. Things have leveled off – 2012 contribution increase of \$349,581; 2014 increase \$366,734; and looking at 2017 the contribution will be \$173,1734.

The Council was told by Mr. Milone that the medical benefits and pension are choking this budget, and in his transmittal letter he suggested looking at C.N.R. There is money in the medical trust fund, and light at the end of the tunnel with pension contributions. The Council might want to look into the C.N.R. fund and think about re-utilizing it in the next few years and take pressure off the budget, build up the debt reserve, so in 2018 some of the pressures from the spike (WWTP project) can be mitigated.

Debt service is going down dramatically; keep it constant; and put \$600,000 in the debt reserve. The Council and staff should be looking at pension, debt and medical as the elephants in the room. There is a bond sale next February with the lowest rates; could take money out of C.N.R. will not be costly because of the low rates; will cost more to borrow than use cash, but this is the time to borrow. The money is needed now to fortify us and plan for three years. Mr. Jaskot and Mr. Milone came up with a plan to use the debt reserve to modify the WWTP/CWF payment when it hits. There is the opportunity to redirect some resources and take some of the pressure off. With the \$1.1 million, \$500,000 could go into capital and \$300,000 in to debt, and another amount into pension.

Mr. Schrumm commented on using the C.N.R. money, and then having to bond projects usually in C.N.R. He talked about issuing some pension obligation bonds, fully fund the pension plan, put the money away and take advantage of the low interest rates.

Because our pension is not in such dire straits, Mr. Milone would be opposed to doing pension obligation bonds.

Concerns were cited by Mr. Sima regarding taking \$450,000 from refunding; this is one chunk out of debt service that we normally would have paid into our operating budget; and we want to take another \$600,000 which would have come into C.N.R. This is short changing our normal operating budget by \$1 million. Debt service starts to go up in a few years, and we are pushing out a tax increase this year because it will happen a few years out.

Page 141 (summary) – Mr. Milone reviewed the numbers. Column General Fund Debt Total, 2015 \$7,952,547 payment. By using the \$450,000 the debt service is \$7,502,000. In subsequent year it goes down to \$7,369,718, and then \$6,950,760, and this is not creating a hole the town cannot get out of. We will continue at \$7.50 million; this is budgeted next year; and \$120,000+ will go into debt service; keeping up the \$7.50 million, another \$600,000 goes into debt service, and it is expected to have \$350,000 from the refunding which will go into debt service reserve. This has been looked at and planned out by Mr. Milone and Mr. Jaskot. Mr. Milone stated he would never use a one time revenue item for the purpose of solving a short term problem, and then find out we have created a serious problem down the road. Debt service has \$5.5 million reserve right now; we want it to grow and preserve it; and pension continues to be the pressure on the operating budget.

Mr. Jaskot explained that the Town has been doing bond issues every other year. One half of the money bonded is in advance of the project, and one half is something already paid. The Town could do a bond issue for the \$3.2 million for the pool.

According to Mr. Schrumm we could borrow enough money at low interest rates, put it into the general fund, clean the decks, and know what the money is being used for. This would be arbitraging.

Whether or not this could be done will be checked out by Mr. Jaskot.

Mr. Milone recommends getting over the hump, and said pension obligation bonds are looked at as a last resort, and usually town plans are going bankrupt. He is not sure how the credit agencies would look at a community with Aa ratings and AAA ratings and a surplus.

The Council was told by Mr. Jaskot that in addition to the defined pension contribution there is the defined contribution plan which will be increasing, and be about \$40,000 to \$50,000 a year. He also informed the Council that it never approved the 7.5% rate, and this must be formalized by the Council. Mr. Jaskot said that most other communities are at the 7.5% or lower.

Page 11 Heart & Hypertension – this summary will have a balance of \$760,852 at the end of the year; there is a individual with bills of up to \$200,000 for the Town; and the 7 police officers who left the force did not have heart & hypertension claims.

## 9. ADJOURNMENT

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

MOVED that the joint meeting adjourn at 10:22 p.m.

VOTE           The motion passed unanimously by those present.

Attest:

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Marilyn W. Milton, Clerk