

**MINUTES OF THE CHESHIRE TOWN COUNCIL AND BUDGET COMMITTEE JOINT SPECIAL MEETING HELD ON MONDAY, APRIL 4, 2016, AT 6:30 P.M. IN ROOM 207-209, TOWN HALL, 84 SOUTH MAIN STREET, CHESHIRE CT 06410**

Present

Town Council Chairman Robert J. Oris Jr.; Vice Chairman Paul A. Bowman; Budget Committee Chairman Tim Slocum and committee members Michael Ecke and Sylvia Nichols. Council Members Patti Flynn-Harris, Liz Linehan Thomas Ruocco, and Peter Talbot.

Staff: Michael A. Milone, Town Manager; James Jaskot, Finance Director  
Dept. of Education: Supt. Scott Detrick; Chief Operating Officer Vincent Masciana; BOE Chair Kathy Hellreich.

**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. DISCUSSION RE: PROPOSED FY 2016-2017 OPERATING BUDGET**

Town Manager Milone distributed the handout for April 4, 2016, and reviewed the information with the Council.

Handout 4/4/16 - page A - shows the proportionate budget revenue and expenditure revisions and ranges for the Town and Dept. of Education with mill rate adjustments. The highlighted section illustrates the three mill rates the Council is interested in considering...5/10, 6/10 and 7/10 mill.

Page B - Potential revenue revisions, expenditure decreases and revenue increases.

Page C - Impact of changes on the average taxpayer for each mill rate change; 31.19 mills (0.5 change) - taxes of \$7,179, +\$115 tax increase, +1.63%, budget adjustment of \$1,350,749; total proposed adjustments of Town budget - \$458,366; new mill rate of 31.45 mills. For .06 mill rate change of 1.30%; for 0.7 mill rate change of .98%. Five year average tax increase of 1.48%.

Page D - WPCD fund with \$10 user fee increase - \$794,866; less CWF payment of \$150,000 = \$644,866. User Fee with \$0 increase - balance \$574,198.

Page E - Town Manager's Proposed Budget, 31.69 mill rate Options FY 2016-2017. \$109,112,445; 2.97% increase from FY 15-16; Town subtotal - \$38,819,875; BOE \$70,292,570; average taxpayer \$7,249, +\$230, +3.26%.

FY 2016-2017 Budget with .5 mill decrease from Town Manager's Proposed Budget. Town Subtotal - \$38,408,653 (decrease of \$411,222); BOE - \$1,031,839 (decrease of \$939,530).

In response to a question on the impact on the BOE budget with proposed mill rate adjustments, Supt. Detrick said the Board must look at the final numbers. From the three scenarios of mill rate adjustments, he noted BOE budget adjustments would have to include elimination of the proposed world language program, staffing changes, increase in activity fees, changes in sports, and other programs.

BOE Chair, Ms. Hellreich stated the BOE would need a better idea of what the numbers would be. She believes programming, staffing, sports programs, activity fees, etc. would be impacted.

Handout Page B - Mr. Milone reviewed the revenue increases/decreases and the expenditure decreases/increases with the Council.

### REVENUE

- Parks and Recreation - fee increases - \$28,900
- Investment Income - \$20,000; issuing bonds next year.
- Tax Incentive - Alexion payment of \$300,000, increased to \$330,400, +\$30,400 to be paid in July 2016.
- Police Special Duty - +\$5,000 from CPD vehicles at special duty site; could be more revenue depending on when program starts; page 109 in budget book shows the revenue details, increase in administration fee from contractors etc.
- Miscellaneous +\$5000 from encumbrances and general miscellaneous items.
- Senior Services +\$5,000; increase in programs, and possible increase in member fees for non-residents.
- Telecommunications PILOT +\$19,000 (page 105); trends were reviewed, and the Town could see another \$19,000 revenue; equipment depreciates, is lower in value, and the average was taken. Primary site is the Higgins Road facility.
- Defense Zone Reimbursement - \$5,595; first year was 80%; second year was 100%; State will not guarantee 100% this year.
- SCCRWA PILOT - (\$11,224)
- Cert. of Occupancy - (\$1,190)
- Supplemental M.V. Tax (\$16,335 w/6/10ths mill reduction)

Total revenue adjustments - \$90,146.

### EXPENDITURES

- Police - freeze vacant position (retirement) - \$38,129 - 1/2 year salary; leaves 48th position vacant.
- Employee Benefits Savings - \$20,061
- Police Salary Award - \$6,000
- Heart & Hypertension - \$50,000; reduction in reserve account appropriation.
- Parks & Recreation - \$15,000; lifeguards at Mixville Park on weekends only; summer camps will have trained lifeguards.
- News Positions/Salaries -\$78,991; elimination of new positions and increase in work hours for Town Clerk's office; Director of Arts Place increase to 35 hours per week.

- New Positions/salary related adjustments/27th payroll - \$4,560. 3/14/16 handout, page 3 reflects salary/position adjustments (does not include social security, workers comp, medical benefits, pensions and 401A contributions). Library eliminated one position, increased another position by 5 hours, no net change and there is savings.
- Town Attorney - \$10,000 reduction.
- Finance - I.T. Department, \$7,500 reduction in technical equipment.
- Building Inspection/Other - \$21,766; elimination of hiring person to do files on microfilm and software.
- Fire Stipend - \$25,100; reduction for person for 6 hours per day at firehouse; relates to #32 Fire Marshal reduction of \$5,000 for temporary services.

In looking at the reductions cited, Mr. Oris stated he prefers to look at areas not aligned with "public safety".

Mr. Milone informed the Council that the reduction of one police officer, to 47 total officers, will not have a negative impact on public safety. Chief Dryfe will promote an officer to fill the vacant Detective position; this will trickle down into the Traffic Division; CPD has a good number of officers on the street.

With regard to staff reductions, Mr. Oris asked if various Town departments have the capability of cutting a position. He prefers this option rather than reductions in public safety positions. This is a discussion the Council can have about reduction in the employee base in some departments. Mr. Oris said more officers are needed out in the community.

The Council was told by Mr. Milone that there will be more demand on staff due to the Linear Trail expansion and maintenance of open space. There is more efficiency with Public Works and Parks and Rec staff, and the work of the requested Mechanic not approved in the budget must be covered.

Ms. Flynn-Harris is comfortable with CPD position decision, noting that Cheshire has the least number of 911 calls in the region. She said the Fire Marshal's office is the safety issue this year.

Mr. Milone commented on CPD Chief Dryfe promoting one police officer 5 to Sergeant, and the vacant 48th officer being an entry level position. CPD will be fully staffed. The Fire Marshal's office has a change in management and department operation with Marshal Andrew's experience and capabilities. The Fire Marshal department staff is currently wearing two hats; people are needed to drive fire trucks during the day and do department work.

Mr. Slocum requested the CPD Chief provide 5 years of data on the number of sworn officers in the department.

According to Mr. Milone the benefit of eliminating two Captains and movement of personnel in CPD has more officers on the street.

With the Town's \$368,220 in reductions, Mr. Ruocco asked about the BOE reduction of 70%, about \$700,000.

On page A, Mr. Milone pointed out that with 6/10 mill reduction the Town would revise its budget by \$493,464, and the BOE revision would be \$1,127,436.

- Public Works, items 12 to 16, accounts reduced without much damage. \$40,000.
- Parks & Recreation (Swimming Pool & other) \$10,000; reduction in building materials; subsidy now at \$210,000.
- Finance-General Insurance \$8,162; reduction in insurance, consultant ok with numbers, small adjustments in the Pool and WPCD budgets.
- Town Manager Department - \$1,600; reduction in overtime, reference materials, conferences/meetings; reduction does not affect Town Manager's certification; national conferences web stream programs and there are webinars available.
- Probate Court - \$3,794 reduction.
- Library Program Materials - \$5,000 reduction.
- Finance O.T. \$1,000 reduction.
- Parks & Rec, temporary part time reduction \$5,000 (page 119 budget book).
- Employee Benefits, Stop/Loss; \$21,000 through CREC captive insurance program.
- Employee Benefits Pension, \$4,235.
- General Services, Postage, \$2,500.
- Parks & Recreation T/P/T reduction of \$3,900.
- Fire Marshall - temporary position \$5,000 reduction.

Total expenditure adjustments - \$368,220

Mr. Oris asked about using temporary part time summer help and thus eliminating a department position. He commented on the need for the Council to look at options that make sense.

It was explained by Mr. Milone that the Town must be careful about using "seasonal employees, non-union" and eliminating a union position...this would be a grievance issue.

Mr. Ruocco stated that when there is a retirement in a Town department the position should not be filled.

At this time, Mr. Milone advised there are no retirements.

Mr. Bowman raised the issue of work between departments, i.e. a Public Works Mechanic working on BOE or CPD vehicles, and how the costs are charged.

In response, Mr. Milone explained the "time" is not charged; only parts are changed to the department.

Mr. Bowman commented on there not being true costs, and asked why the time is not charged back to the departments, as it makes sense to do this for allocation of manpower. The work being done by one department for another should be charged out, as this is servicing other departments. He asked about other municipalities handling this issue.

It was stated by Mr. Milone that private sectors have cost centers for allocation of expenditures. For various Town positions there is an idea of gross costs including a mark up for fringe benefits.

There are various ways municipalities handle inter-departmental work, and Mr. Jaskot said there are pros and cons to how it is done. The town wide financial statements must reallocate all the costs to departments; the Town does not use town wide statements for budgeting, as they are not detailed enough. To divide benefits, payroll and general services amongst departments would be an administrative nightmare.

This is done for WPCD and the Community Pool because it would be labor intensive to provide support for them, as the Town is their administrative arm. Mr. Milone noted the \$650,000 return to the Town from WPCD for administrative services and debt service. About \$125,000 is for the indirect costs, and balance goes to debt service. There is less expense for the Pool, and this has not been extended to other Town departments.

For the revenue and expenditure decrease/increase, Mr. Bowman pointed out that the Council is looking at some areas at less than \$1,000, and believes there are other areas to be looked at in the budget.

Mr. Milone said the budget must be cut and pain spread out amongst all departments. He looked at discrete programs and services to get to where we are, and the list shows where the dollars are with the least impact. There are 32 expenditures listed, and he was taking money which would not disrupt services, and further reductions would effect services. Additional reductions: Library Sunday hours \$21,308; Public Works Hazardous Waste \$21,500; Assessor's Office \$10,000 annually for personal property audits, without full recovery of the expense...maybe it should not be done every year; Construction PW, \$25,000; Human Services program services Seniors and Youth \$5,000 out of each area; Celebrations/Concerts \$5,000. Many of these are service impacts, and doing more will have a wider effect than going to one program being reduced or eliminated.

With regard to #27, Mr. Slocum said this has to do with the CREC plan, savings of \$21,000, with hope for larger savings.

The employee benefit rates have been updated as of today, and Mr. Milone advised they are reduced again. An analysis will be done and Council informed of the numbers, and there could be additional savings.

Regarding maintenance of the Trail and buildings by Town crews, Mr. Milone said some of this work could be out-sourced at a cost of about \$25,000 for this service. He would rather stretch, do the work, and get it done.

There was a brief discussion about "value engineering" for larger Town departments, and whether it was worthwhile to maintain all the equipment, or out-source. Mr. Oris commented on getting the most for our dollars on the Town and BOE side, and putting more efficiency in delivery of services.

The Council was informed by Mr. Milone that 2 years ago the Town did a process improvement, i.e. GIS and re-deployment of trucks, street sweeping, streetlights, performance contracting, and snow plowing. PW and Parks crews work together as one unit, doing snow plowing, building blitz for repairs, painting etc. The Building Department and Fire Department are doing concurrent building reviews for a more efficient use of Town resources. The Engineering Department no longer out-sources its work due to the high quality of people on staff doing the work in-house.

Regarding street sweeping, Mr. Milone was uncertain if DEEP requires this maintenance, but streets need to be cleaned of sand so it does not go into the storm drains.

Water Pollution Control Fund - with the \$10 user fee increase to \$393 in FY 2017, the fund balance would be \$794,866, less the \$150,000 committed to the debt service, bringing the balance to \$644,866. Without the \$10 increase the fund balance would be \$574,198, less the \$150,000 debt service commitment. The high fund balance supports the debt service, and a healthy fund balance can be used for future debt service.

Mr. Milone commented on the lawsuit, its possible success, with the money dedicated to reduction of the debt service. There are also pump station upgraded which will be in the capital budget. According to Mr. Milone this year is the best year to implement the \$10 sewer use fee increase. He did run a scenario to include the \$150,000 from WPCD fund and \$150,000 from the utility rebates, and the mill rate was increased by 1/10th of a percent.

For the non-profit user fee, the Town Attorney is refining the legal information to render an opinion on this issue, and Town Engineer Gancarz is working on the methodology for imposition of this fee. We do not want to impose a hardship on smaller non-profits.

\$27,000 for manhole covers is out of the WPCD budget; there are some minor adjustments for pension and general insurance; page 132, line item 5402, shows \$12,500 adjustment; \$14,500 adjustment for WWTP pension and general insurance.

Road paving will be charged to the capital budget; page 120, line item 5204 \$108,000 is for road paving materials.

Handout, Page E - Summary of Town Manager's Proposed Budget.  
31.69 mill rate; \$109,112,445; Town \$38,819,875; BOE \$70,292,570; average taxpayer impact is \$7,249, +\$230, +3.26%.

.5 mill rate decrease to 31.19 mill rate; \$107,761,695; Town \$38,408,653; BOE \$69,353,040; average taxpayer impact is \$7,179, +\$115, or 1.63% increase.  
There would be a \$411,222 cut for the Town, and \$939,530 for the BOE.  
The chart shows the adjustments from the FY 15-16 budget. The overall FY 16-17 budget would go up by \$1,798,061, 1.7%; General Government would be \$1,116,222 or 3.8%; BOE budget would be \$1,031,839 or 1.5%. There will be a revenue line showing the use of revenue, and it will change the expenditure cut a little. The bottom line and mill rate is the same.

Mr. Milone will replicate this information for the three mill rates.

Mr. Slocum asked about the BOE budget having the funds for the \$60,000 for band uniforms. He cited the fact that the Council supports the purchase of the uniforms.

Board of Education Budget - the BOE will request an allocation from its C.N.R. for Council approval of the appropriation.

Ms. Hellreich, BOE Chairperson, stated the budget cuts will be discussed by the BOE in May when expenditures are known.

Out of a \$70 million budget, Mr. Oris said the BOE can find the \$60,000 for uniforms.

PUBLIC INFORMATION SESSION - Tuesday, April 5th, 7:00 p.m. in Council Chambers, to be followed by a Town Council/Budget Committee Joint Meeting.

Mr. Ruocco commented on the revenue assumptions, 8% reduction in State grants (page 109), and his belief that there is overstatement of revenue, and the need for different assumptions to be made.

In that regard, Mr. Milone stated these are the numbers from the State right now. None of the Town's reserve accounts have been used for this reason. Last year he took \$300,000 out of the medical trust fund; this year he took \$100,000. He only took \$75,000 out of the pension reserve vs. \$150,000 last year. Nothing was taken from fund balance or WWTP fund balance. Mr. Milone has tried to maintain or increase the various reserve accounts, in case the State numbers are not realized. The Town is also using a lower collection rate for a cushion. There could also be a hold back on C.N.R. or a freeze can be put in place. Mr. Milone's hope is to create a cushion and safety nets in order to be safe. \$800,000 in rebates could go to help with the budget.

BOE Chair, Ms. Hellreich, stated that the 4/10ths of a mill reduction, \$751,624 BOE revision, is the number needed to maintain services at this year's level. Anything below that will incur cuts.

Mr. Masciana said this level would maintain salary increases, transportation contract, and other items in the BOE budget. In May, the BOE will know of any potential savings with medical benefits and other items. Further reductions will affect programs, staffing and services. With the 4/10 mill revision, Mr. Masciana advised there would be no world language program, Chromebooks, Band uniforms, and two teaching positions would be eliminated.

#### **4. ADJOURNMENT**

MOTION by Mr. Ecke; seconded by Mr. Oris.

MOVED to adjourn the meeting at 8:35 p.m.

VOTE           The motion passed unanimously by those present.

Attest:

---

Marilyn W. Milton, Clerk