Present
David Schrumm, Chairman and James Sima. Absent: Michael Ecke
Staff: Michael A. Milone, Town Manager
Councilor Anne Giddings

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. Approval of an indemnification clause in Regional Water Authority Agreement.

MOTION by Mr. Sima; seconded by Mr. Schrumm.

MOVED that agenda item #3 be forwarded to the full Town Council for approval.

Discussion
Mr. Milone said this is something which must be done each year. There were two water breaks and a larger pipe must be installed, with RWA taking care of the costs, curb to curb. Once the money is received, the Council will have to approve appropriation of the funds.

VOTE The motion passed unanimously by those present.

4. Authorization to apply for a grant of up to $10,000 from the Connecticut Community Foundation to support the John Frederick Kensett project.

5. Authorization to apply for a $4,245 Connecticut Department of Mental Health and Addiction Services Local Prevention Council grant for Local substance abuse prevention programs.

6. Acceptance and appropriation of a $4,000 donation from the Cheshire Jaycees Inc. to the Parks Gift Account for parks pavilions repairs.

7. Acceptance and appropriation of a $786.00 donation from the Judicial Branch-Special Services to the Parks Gift Account for parks Repairs and general purposes.

MOTION by Mr. Sima; seconded by Mr. Schrumm.
MOVED to forward items #3 through #7 to the full Town Council for approval.

Discussion

Item #4 – This is money from the Community Foundation but there is no guarantee that the funds will be received.

Item #5 – This is a State grant application with statistical information shown to the State that there are direct benefits to the grant. One of the things is the tobacco compliance test. Some of the money is used for Project Graduation at the high school, peer health education at the high school, and anti-bullying programs at the middle school.

VOTE    The motion passed unanimously by those present.

8. Approval of FY 2009-10 operating budget transfers.

Mr. Milone distributed copies of the transfers for FY 2009-10. The expenditure side will be under budget by $1,173,000, with the explanation of each department’s spending, under budget. The three issues are the Town Attorney, Fine Arts Committee and Parks and Recreation Department.

Town Attorney – there were many personnel related expenses for legal services, $34,000 spent in the fiscal year, and in the prior year it was $10,000 to $12,000. There was negotiation with 5 labor unions, with 3 going to arbitration, and there were some prolonged and serious labor issues which had to be addressed. In FY 2009 the Town Attorney expenditures were $366,000, and in FY 2010 they were $318,000.

Fine Arts – the overages are in program materials; the department generated $11,000 in revenue over what was budgeted.

Parks and Recreation – the overages are in program materials; the department generated $19,000 in revenue over what was budgeted.

Mr. Milone commented on department heads staying within or under budgets.

Employee Benefits-Medical/Life Insurance – there is a request to transfer money to the medical benefits trust account, and this was discussed during the budget process. It was known that most of the trust fund would be used and there was concern about replenishing the fund. The discussion was to at least cover what was used in fund balance next year ($600,000). There is a transfer request of $400,000 from C.N.R. to Employee Benefits.

The projected surplus is about $1,130,000. With using $400,000 to the trust fund plus $20,000, adding in the $600,000 already committed to FY 10-11 budget as a revenue item, there is about $130,000 left to add to fund balance going
forward. Right now there is about $70,000 in the trust fund. Last fiscal year the fund started with $530,000 in the trust fund.

Mr. Schrumm stated that the surplus funds will change daily going forward, and he believes more money should be taken out of surplus. He is comfortable with $450,000 into the medical trust fund.

Mr. Milone informed the committee that the transfers must be done by August 31st. This year there was the worst claims experience. When the year started the gross amount for medical benefits was not budgeted, and $250,000 was used from the trust fund. Going forward this year the Council budgeted the gross amount of money without the assumption of using money from the trust fund.

Regarding the surplus, Mr. Schrumm said that going out to the end of August the surplus increases, and it could be $1.2 million next week.

Mr. Milone said some of the additional revenue will not fluctuate from the last few years. Some of the money is coming from the Cheshire Housing Authority, between $22,000 and $26,000. Cheshire Academy gives the Town $1000. There is a 60 day accrual for taxes. There will not be a big swing in the increase in the surplus.

It was recommended by Mr. Schrumm that $500,000 be put into the medical benefits trust fund which will provide a larger cushion going into next year. He wants to make sure the fund is adequate. A down side to this could be the labor negotiations using this against the Town.

Mr. Milone does not think that is so. He stated it is better to see money in the reserve account to be used for depleted reserve than building up the fund balance. This takes away the argument in negotiations that the Town is sitting on money. This is the same idea with the CRRA money. If it was sitting out there it would be used against the Town in arbitration.

The Council has two more weeks to fine tune the numbers and Mr. Schrumm said he would recommend the $500,000 into the medical trust fund, and in two weeks the Town Manager can better inform the Council on a firm number.

Mr. Milone expressed concerns about the $500,000, and would prefer $450,000, leaving cash of $180,000.

Mr. Sima agreed with the $450,000 transfer to the medical benefits trust fund.

MOTION by Mr. Sima; seconded by Mr. Schrumm.

MOVED to forward item #8, as amended with the change to $450,000 transfer to the medical benefits trust fund, to the full Town Council for approval.
VOTE  The motion passed unanimously by those present.

Capital Non Recurring Fund Update – Mr. Milone advised there is $1.1 million budgeted in FY 2010 for C.N.R. There were two projects which did not go forward. One was $110,000 which was not spent in the Capital Planning Account; and the other project which did not go forward was the $165,000 for the Police Department roof. In this year’s Capital Budget, Mr. Milone asked for money for the roof work at the Police Department and funding for the Capital Planning Account. The balance of this money came as a result of $200,000 not being allocated in C.N.R. funds. Last year there was a request for an appropriation of $200,000 for the large dump truck, and this was put off until this year, with the funds never reallocated for another project. We had $900,000 worth of projects with $1.1 million appropriated.

The balance of the surplus is really on the expenditure side is $1,173,000; the revenue side falls short by $43,000.

The savings on the expenditure side came from the following:
Capital Non Recurring - $475,000; Contingency - $125,000; Debt service savings from refinancing - $142,000; $389,000 came out of all the under expenditures of the Town departments.

9. Approval of Wallingford Regional Solid Waste Project Agreement for services.

MOTION by Mr. Sima; seconded by Mr. Schrumm.

MOVED to forward item #9 to the full Town Council for approval.

Discussion
Mr. Schrumm stated that this is forming the same Governing Board that existed when CRRA operated the plant.

There must be a controlling mechanism and Mr. Milone said the part time person and operation must be managed by the five towns collectively.

Mrs. Giddings stated that in the agreement it says that if the budget provided by Covanta is not sufficient then the towns must make up the difference. She asked about this binding Cheshire, and how this is determined. She asked how decisions are made by the Board, i.e. by percentage.

In response, Mr. Milone said the previous year’s tonnage is looked at and Cheshire’s percentage of that total, and this would be the percentage contributed of the difference. The Policy Board has established, tentatively, a $2 million reserve account, and this would cover shortages. The budget to pay for the part
time person and operational expenses is about $60,000 annually. Every member of the Policy Board has one vote.

VOTE  The motion passed unanimously by those present.

10. ADJOURNMENT

MOTION by Mr. Sima; seconded by Mr. Schrumm.

MOVED to adjourn the meeting at 7:15 p.m.

VOTE  The motion passed unanimously by those present.

Attest:

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Marilyn W. Milton, Clerk