

**MINUTES OF THE JOINT CHESHIRE TOWN COUNCIL SPECIAL MEETING AND BUDGET COMMITTEE MEETING HELD ON MONDAY, APRIL 6, 2015 AT 6:30 P.M. IN ROOM 207, TOWN HALL, 84 SOUTH MAIN STREET, CHESHIRE CT 06410**

Present

Tim Slocum, Chairman, Town Council; David Schrumm, Budget Committee Chairman. Council Members: Liz Linehan, Sylvia Nichols, Robert Oris Jr., Thomas Ruocco, Peter Talbot, James Sima. Absent: Patti Flynn-Harris

Staff: Michael A. Milone, Town Manager; Alfred Smith, Town Attorney; James Jaskot, Finance Director; Gina DeFilio, Deputy Finance Director; Police Chief Neil Dryfe; Carolyn Soltis, Town Clerk; Michelle Piccerillo, Director Human Services; George Noewatne, PW Director; Walter Gancarz, Town Engineer.

Department of Education - Dr. Greg Florio, Supt. Of Schools; Vincent Masciana, Director of Management Services; Gerry Brittingham, BOE Chairman.

Guest: Tom Kowalchik, Consultant-USI

**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. EXECUTIVE SESSION - Land Acquisition**

MOTION by Mr. Ruocco; seconded by Ms. Linehan.

MOVED that the Town Council enter Executive Session at 6:32 p.m. to discuss land acquisition, to include Town Manager Milone and Town Attorney Smith.

(Ms. Nichols entered the meeting at 6:48 p.m.)

VOTE The motion passed unanimously by those present.

MOTION by Mr. Schrumm; seconded by Mr. Talbot.

MOVED to exit Executive Session at 6:58 p.m.

VOTE The motion passed unanimously by those present.

Town Manager Milone distributed the handout for April 6th, and briefly reviewed pages 1 and 2 with the Council.

Page 1 - Salary Account New Requests, Partial Year costs, pro-rated; and page 2 which illustrates the annual cost of the salary account for new positions.

For the Police Department request for three (3) Dispatchers, Mr. Milone explained the starting dates for the new Dispatchers would be staggered, with one dispatcher starting on each of the following days - July 1st, October 1st, January 1, 2016. Mr. Milone reported that in order to fund the Dispatcher positions, one police officer position has been frozen for one year and one position for 6 months.

#### **4. FY 2015-2016 OPERATING BUDGET REVIEW.**

##### **Cheshire Police Department - Chief Neil Dryfe.**

Chief Dryfe reviewed his department request for three (3) new Dispatchers to handle the duties of the new State 911 call system. The Council was told by the Chief that the Dispatcher job is more complex, technology is changing, there is application of business practices. The department has frequently used police officers to handle the dispatcher job; police officers are paid \$33.89 per hour; dispatchers are paid \$25.71 per hour; overtime for a police officer is \$50.83 per hour and for a dispatcher it is \$38.50 per hour. Under the new State 911 system, dispatchers and police officers will have to undergo extensive training to continue to dispatch and not be in violation of the State law. The question is whether a police officer - working as a dispatcher - is the best use of the Town's resources.

July 1 to December 31, 2014 - police officers performed dispatcher duties for 126 shifts, 1008 hours...for dispatcher breaks, vacations, sick days.

Without hiring of 3 new dispatchers, Mr. Milone advised that he would request the Council to restore the money to hire police officers sooner than originally planned.

Chief Dryfe advised that utilizing police officers for dispatcher duties will require calling officers off the streets for dispatcher training. The 126 shifts with police officer acting as dispatcher are often CPD street time shifts; overtime is not an issue unless it is during peak vacation time.

##### **Public Works - WWTP - Supt. Dennis Dievert and Town Engineer Walter Gancarz**

Mr. Gancarz reviewed the department request to increase the hours of the Electrician from 35 to 40 per week. The position already has full medical and pension benefits; the impact for partial year is \$7,500; the impact for a full year is \$15,000. Mr. Gancarz cited the biggest issue/item -- the changing needs at the treatment plant requiring more oversight, complexity of the plant operations, added operations, phosphorous treatment of \$7.5 million, and UV disinfectant, control system with 125 control points. Under the current arrangement, the Electrician works 30 hours in a 4 day week, with overtime for emergency coverage. The new treatment plant will be completed in October, and the Electrician must become trained and familiar with all the new equipment, owner manuals, training to maintain warranty coverage according to specifications. According to Mr. Gancarz a real fear is not having the right person for the UV and phosphorous. He noted that the Electrician has done extensive electrical work at the pump stations, i.e. Cook Hill Pump Station (\$15,000 worth of work), has repaired generators and gotten them up and running, done electrical work at the Senior Center...and as the plan

unfolds for the treatment plant the electrician will become more essential to the plant operation.

With the new plant and equipment, a more efficient operation, fewer breakdowns to be dealt with, the Council questioned whether the extra man hours are needed in a less management intensive operation. If more hours are needed, the plant Superintendent can call on the Electrician if there is a problem.

Mr. Gancarz commented on the major transformation at the treatment plant, adding new processes, additional work, new boiler systems, \$7.5 million worth of phosphorous equipment, staff training, familiarization with manuals, performing of warranty services and up keep.

Supt. Dievert also cited the 24/7 plant operation, no holidays, and the fact that there cannot be total reliance on the control systems.

**PW Garage - PW Director George Noewatne, Fleet Supervisor Richard Kaczer.**

Mr. Milone stated that since 1997 the PW Garage has had the same number of mechanics, the fleet has expanded, work is more complex, and a maintainer position was cut 5 years ago and moved to Public Property Department.

The Council was informed by Mr. Noewatne that the PW Fleet Manager functions more as a supervisor mechanic due to the heavy work load at the garage. The new position is requested due to the potential to take on CPD, CFD, BOE, Parks and Rec vehicles for servicing at the garage. The new position will pay for itself with the savings generated by in-house work.

Mr. Kaczer explained the work load at the garage, break down of the work load of the four mechanics.

One mechanic does 90% of the CPD vehicle work on cars that are running more than ever before.

One mechanic's primary function is welder/fabricator, and last year he did a \$60,000 job for under \$10,000; he does work at various Town departments undertaking a realm of work...and is listed as a "mechanic."

One mechanic does 100% of the time management, schedules, and repair of Town vehicles.

Fleet Manager Kaczer does 70% of mechanic work on the floor, schedules work for the departments, runs the auctions, keeps up with regulations, retains vehicles for longer times than in the past requiring more service, maintenance and time.

With the mechanic (welder/fabricator) there has been elimination of outside vendors, and work that has never been done before is being done in-house.

(Mr. Sima entered the meeting at 7:40 p.m.)

Mr. Noewatne stated that spending money and savings elsewhere will be seen with hiring a mechanic, and the garage taking on more work with 7 BOE buses, 3 CFD vehicles and 4 Park and Rec vehicles.

In summary, Mr. Kaczer reported there are 40% more vehicles and equipment than 17 years ago; more in-house repairs; less dependency on outside services; and there will be more value with another mechanic to maintain vehicles in a safe manner and have equipment for longer periods of time. The mechanics hold ACE certification.

With the new mechanic, Mr. Milone said the full salary will not be saved, but there will be better management of the Town fleet of vehicles and the mechanical staff will not be over worked.

**Town Clerk Department, Carolyn Soltis, Town Clerk**

Ms. Soltis reviewed her request to increase the hours of an Assistant Town Clerk from 20 to 25 hours due to the work load in the department. She noted that this was a 30 hour position which was cut by 10 hours a few years ago, and in total the department has lost 30 staff hours since 1993. The reason for the request is due to the increase in work, more land records, stacks of mail, more real estate sales and house refinancing, increase in requests for notary public at \$5 per seal, additional State required reports to be completed and sent out.

The issue of "flexible hours" in the department was raised by Mr. Schrumm which would enable the current staff to be more productive later in the day to service the public.

This is something that has to go through the union and Ms. Soltis said she could not just change hours.

The Council discussed adding 4 hours to the position, not 5 hours as the extra hour has a cost of \$6,300.

Ms. Soltis stated that the extra hour, total of 5 more hours for the position, is what the department needs for the work load.

**Human Services Department, Michelle Piccerillo, Director.**

The request for the Human Services Department is 5 more hours for the Social Worker and 6 more hours for the Program Supervisor at the Senior Center. In the past the Social Worker position was cut from 25 to 20 hours per week, and the Program Supervisor hours were cut from 35 to 19 hours per week.

Ms. Piccerillo reported that the senior population in Cheshire has grown by 50% in the past 10 years; the demand for services is greater; and with renovations at the center there will be more programs and staff support required. The system for senior assistance is more complicated, and staff helps navigate senior citizens through the process. There is a need for more outreach to home bound seniors. The department has formed a local task force on unsafe living conditions which will involve the Senior

Center and Social Worker. Due to the growth of the senior population there is a need for more staff to service their needs. The department tries to decrease the cost impact on the town budget through grants, and volunteers work 60 hours a week, which would be a cost of \$77,000 to the Town for staff work hours. There is also a need to increase hours of work to provide the required services to the senior community.

Mr. Milone pointed out the great work of the volunteers, but noted they do not have the skill set to provide the services of a Social Worker or Program Supervisor. Each of the positions would have benefits at the increased number of hours. However, Mr. Milone explained that neither of the staff in the positions now takes Town benefits.

Fees for the Senior Center will be reviewed by department staff with an analysis presented to the Council for discussion. Senior Center Resident fee is \$5 per person per year; non-resident fee is \$10 per year; there are 1213 members of the Center; 952 are Cheshire residents; 261 are non-residents. Ms. Piccerillo advised that non-resident members are not eligible for social services in Cheshire, and if services are needed, they are referred to their local agency.

Mr. Ruocco recused himself from the discussion on medical benefits due to possible conflict of interest; he left the room at 8:00 p.m.

#### **Medical Benefits Discussion and Review**

Tom Kowalchik, USI, Consultant, reviewed the information on pages 3 through 5 of the handout. He stated that these are the bottom line numbers; the network match is at 95%; and there are few exclusions.

Mr. Masciana stated there are no hospital exclusions; Cigna has 197 professionals in Connecticut.

Page 5 - Quotes as of 3/23/15. Anthem SI Only - Medical Admn. Fees - \$33.61 per contract per month; network access fee \$28.72; Expected Medical Claims - \$1,166.91; \$11.518 million Annual Total Medical Expected Costs; percent change 18.32%; dollar change \$1.783 million.

Department of Education (DOE) - Dr. Florio said there are 12 groups, each individually rated; DOE will have rates in May or June; average payment is \$1,166; allocation rates are based on a good or bad year.

Page 4 - Medical Insurance Analysis w/RX Rate Reduction - Anthem SI Only, based on blended rates is \$3,212,736 Total; variance from proposed is \$125,788.

The Town has had good experience and its numbers may not change too much. DOE could have significant variances with volatility of claims last year.

Handout - BOE Medical Benefits Information - Dr. Florio reviewed the BOE information with the Council; \$682,000 average monthly claims (7/14 - 3/15); Annualized cost is

\$8.184 million; HMO (based on self funded program) is \$1.3 million cost next year. With an attractive HMO employee cost sharing could decrease and bring people with bad experience into a program that has had good experience. It is a risk. BOE liability is \$10.9 million; employee co-share is \$1.9 million; adjusted budget 2015-16 is \$9.034 million; BOE budget request 2015/16 is \$9.757 million; difference of \$723,455. The data shows a 1% to 5% claims increase, and the average claims increase is about 3%. A group by group assessment cannot be done until allocation rates are received.

Dr. Florio commented on the BOE focusing on the teachers, with the HSA as the bottom line; going into HMO or PPO the employee must pay into those plans; people go into lower cost plan, but bring high claims experience into the plan.

Mr. Masciana stated that there is a reduction in employee cost share with more people going into the HMO; co-pays are lower than the PPO; this means claims experience will be higher.

The current self funded program would switch to an HMO, and Dr. Florio said BOE will have people moving to a lower cost plan, thus driving up BOE costs; claims will be projected to be what they are.

On the Town side, Mr. Milone said there are 50 people in the HMO; some are retired police officers; HMO employee pays 12% to 13%; HSA employees pay 5.5%.

Dr. Florio explained that on the BOE side, retirees are eligible to purchase benefits at the group rates. With an HMO they could save money and bring in their higher claims. As people age there are more associated costs. The BOE could have savings of about \$400,000; claims of about 3%; the average has been 3.6% the last few years; the national average is over 5%.

A question was raised by Mr. Sima about where the BOE is getting the \$400,000.

In response, Dr. Florio said it is working off known costs and experience, working backwards from there.

Four Teaching Positions in the BOE budget - Dr. Florio informed the Council that these positions were calculated into the operating budget at \$50,000 per teacher, for a total of \$200,000. The positions will not be needed next year. At this time, Dr. Florio has received 5 retirement letters, with expectation of more to come. If there is to be replacement of a retired teacher, at the highest step, the new teacher would be at a lower step and salary. Over the last 5 years the BOE has averaged 11 retirements per year. The BOE has had 3 retirement incentive programs, and is running out of teachers nearing retirement age.

Handout, page 11 - Mr. Milone and Mr. Jaskot reviewed the items for review, and highlighted some of them with the Council for discussion and decision on 4/7/15.

Debt Service - \$209,000 to be taken into consideration for FY 2015-16 budget.

Street Light Acquisition - One half year savings of \$70,000; full year is \$140,000; plus there is a significant rebate and financing can be delayed for 9 months until 2017.

Medical Benefits Rate Revision - Town Council, \$90,311 to \$134,840 based on the carrier chosen.

VEBA Subsidy - this is the trust fund for CPD retirement medical benefits, which is not adequately funded. The HMO for the police officers is absorbed into the medical benefit plan; only \$50,000 was taken out of VEBA, when it has been \$300,000+ in the past to offset this cost.

Medical Benefits Trust Fund Balance - \$200,000 was taken out by Mr. Milone. Mr. Schrumm recommended leaving money in the fund; Town and BOE do budgets; next year if more money is needed, a special authorization can be made to allocate the needed funds. Mr. Milone said if the Town does not use the refunding money it goes into the reserve.

Energy Projects Initiative - the pool insurance proceeds are being used for needed projects at the pool; 4 pool construction projects are energy eligible; lease payments offset by about 85%, and are guaranteed to be 100% when the energy projects are up and operational.

Registrar of Voters Primary Expenses - \$13,000 to \$14,000 for primary election costs.

Fund Balance - \$650,000 taken out.

Tax Collection Rate Revision - \$85,000 for every 1/10th of 1% increase; recommendation to go with 99.1%.

New Positions and Increased Hours Review - to be reviewed by the Council.

Potential Revenue Revisions - Mr. Jaskot is working on this with some numbers to be adjusted; there is some revenue from investment income.

Potential Expenditure Revisions - to be reviewed with Council.

Modifications/Corrections - WPCD/CCI revenue analysis; take a risk and hold user fee constant; Pool water appropriation requires money added back for water; Pool interior improvements will have insurance proceeds used; Town Clerk rentals will have some money restored to rental accounts; Library Parking Lease has \$3,500 in the budget.

Third Party Funding Requests - Community Band and Camp Nerden requests received; will be reviewed and decided by the Council.

Senior Center non-resident membership fees - analysis to be submitted by Ms. Piccerillo for Council review.

Pension Fund Actuarial Update - Town plan is better than expected; the \$300,000 contribution increase has evaporated completely; required contribution is \$20,000 less than last year. Mr. Jaskot will have a full report to the Council. What is contributed this year is same as next year without increase. Plan will be 100% funded if Town continues with actuarial contribution requirement. The Town negotiated with union and non-union groups for increased contributions of about .25 basis points, some increased by 1/2%; the BOE number will be given to the Council; Fire Plan needs \$8,000 more than what is in the budget. CPD plan is closed; the plan is in line with the last valuation projections; the \$150,000 increases will not get the plan where it should be or fast enough; actuaries suggested taking some savings from the Town plan and increase Police plan contribution a little more than it has been. Money in the unfunded reserve could be used for the CPD plan. The next actuarial valuation is due in July, and Mr. Jaskot has requested a preliminary estimate from the actuaries.

Expenditures - General Government and Education. BOE \$200,000 reduction with BOE decision on the cuts in its budget. Town Government - Mr. Milone identifies where he will take cuts in the budget and show the Council how he will make up cuts, and inform department heads of his intended reductions. \$30,000 will be added back into the budget for the street sweeper.

## **5. ADJOURNMENT**

MOTION by Mr. Ruocco; seconded by Mr. Talbot.

MOVED to adjourn the meeting at 9:25 p.m.

VOTE The motion passed unanimously by those present.

Attest:

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Marilyn W. Milton, Clerk.