

MINUTES OF THE JOINT CHESHIRE TOWN COUNCIL SPECIAL MEETING AND BUDGET COMMITTEE MEETING HELD ON TUESDAY, APRIL 7, 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: Patti Flynn-Harris, Sylvia Nichols, Robert Oris Jr., Thomas Ruocco, Peter Talbot, James Sima. Absent: Liz Linehan

Staff: Michael A. Milone, Town Manager; James Jaskot, Finance Director; Gina DeFilio, Deputy Finance Director; George Noewatne, PW Director; Walter Gancarz, Town Engineer.

Department of Education - Dr. Greg Florio, Supt. Of Schools

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 FISCAL YEAR 2015-2016 OPERATING BUDGET

Town Manager Milone distributed the handout for April 7, 2015 for potential budget revisions.

Handout Page #1 - Debt Service Refunding, \$210,756, direct savings to next year. Page 91, Summary Book - \$6.148 million debt service reserve at the end of this fiscal year.

The Council and staff reviewed the revisions for expenditures and revenue.

Expenditures

1. Debt service refunding - \$210,756.
2. Medical Benefits Rate Revisions (with Anthem) General Government \$90,311; Dept. of Education \$400,000.

3. VEBA Subsidy - \$50,000.

With CPD reorganization there have been many retirees; this expenditure started to back up; expenses for this plan are absorbed into the medical benefits general account; page #2 (handout) shows the balance in the VEBA; annual cost is about \$600,000; 6/30/16, assumption is the general fund will pickup the expenses except for \$50,000. This increases the Town contribution to \$435,000. VEBA assets are managed by the Retirement Board. With the next round of negotiations employee contributions will increase.

4. Medical Benefits Trust Fund - \$200,000.

5. Pension Fund - the 7/1/2014 valuation shows the \$300,000 increase is no longer necessary ARC is decreasing by \$18,922; the Town will be 100% in line with the ARC for FY 2016; asset performance did well since the July 2014 valuation.

General Government -	\$237,753
WPCD -	\$ 18,176
Pool -	(\$1,452)
Fire -	
Education -	\$ 60,192

Handout, Page #5 - General Fund, Town Pension Contribution. \$150,000 taken out of the reserve per Town Manager recommendation.

Town - \$1,128,831; Police - \$1,002,765; total \$2,131,596, less \$150,000 from reserve. Proposed: Town \$891,078; Police \$1,002,765; Total \$1,893,843. Variance \$237,753, less \$150,000 from reserve = \$87,753 variance.

Page #6, Pension Reserve Fund - balance as of 3/31/20-14 - \$260,178, without use of \$150,000; with use of \$150,000 balance is down to \$110,178.

Page #7 - ARC increasing; 2015-2016 number is \$1,342,563; with the annual contribution there is still shortage of \$339,798.

Page #8 - CFD adjustment +\$8,245; total of \$263,917.

6. Registrars' Primary - \$13,000 to be taken out of the "Other Salary" line.

7. Street Light Acquisition - \$275,000 budgeted; reduced by \$140,000 over 12 month savings; revised budget request is \$135,000.

Mr. Gancarz reported the program could be done by end of 2015-16 fiscal year; in FY 2016-17 the total is \$173,000 to be paid quarterly; this is \$100,000 less than what is now paid. After the program is done, there is a one time rebate of \$175,000 in FY 2016 that can be taken as income or pay the loan; can delay 1st quarterly payment until July 1, 2016, and start to accrue savings. \$175,000 rebate will be on the revenue side.

8. Handout, Page 10 - Energy Performance Contract. This page shows the prioritized list of potential work scope changes. The rebate is \$1.25 million; one half has been received with the balance received at the end of the calendar year. The list cites 9 potential projects (#15, #16, #14, #11, #17, #12, #12, #18, #19); 6 of the projects would be done with the building management systems with shorter pay back. \$706,152 cost. Review by the Council to determine how many of the projects could be done.

Handout March 16, 2015, page 1 - shows the insurance reserve for the pool; fund balance of \$85,000 to be used if additional money is needed for the pool work. There

are three components in the construction of the pool eligible for performance contract initiatives - Insulation at \$184,000, HVAC Air Exchange at \$128,000, and LED Lighting at \$25,000 for a total of \$337,000. \$870,303 available in the rebate; must keep in mind these 3 pool projects as part of the energy initiative.

- 8a. Public Property - \$15,019;
- 8b. Pool - (\$15,019).

Revenue

Fund Balance (page 114 Summary Book) - \$50,000
\$650,000 for FY 2015-16; Town Manager recommendation is \$700,000.
Pages 168 and 169 show fund balance 10 year history.,

Handout Pages 11 and 12 Tax Collection Rate - 99.0%; increase to 99.1% for +\$85,758 more in revenue; collection rate has consistently exceeded budgeted rate.

Other Revenues - \$35,000. Trend analysis shows Building Official permit fees increasing and Town Clerk fees trending upward. Town Clerk revenue increased to \$545,000 or +\$20,000; Building Official revenue increased to \$425,000 or +\$15,000.

Mill Rate Revision - at mill rate of 30.98 (+.47 mills from current rate) average taxpayer has \$173 annual tax increase.

Handout page 13 - WWTP Rate Analysis. User fee is rolled back to \$380 (no \$5 increase); 2015-16 WWTP fund balance of \$469,140; CCI Billings will generate only \$744,629; revenue increase of \$24,373.

Pool Water (to fill pool)	(\$12,000)
Consultant	\$ 5,000
Pension Revision Performance Contract	(\$15,019)
Library Parking @ Church	(\$3,500)
Street Sweeper Rental	(\$30,000)

Handout Page 14 - Mr. Gancarz reviewed the cost comparisons for rental vs. purchase of a street sweeper for the PW Department. Leasing continues to increase at \$9,000 per month for 4 months or \$36,000 plus \$3,600 cost of annual maintenance for the rented equipment. With a purchase and payment over 10 years and resale of \$20,000, the Town gets a better piece of equipment, flexibility in scheduling work, and ability to meet immediate needs. The Council discussed the purchase vs. lease, and noted the street sweeper would be considered during the capital budget process, and is in the capital debt analysis.

Town Clerk Rentals	(\$ 700)
Town Clerk Equipment	(\$ 900)
BOE Personnel (4 teachers) (removed from BOE budget)	(\$200,000)

Personnel - New positions and increased staff hours - The Council discussed the 5 new positions requested by Town departments.

Mr. Ruocco stated his opposition to adding new positions due to the long term cost impact. The only increase in position hours he would support is for the Social Worker at the Senior Center with an increase of 4 hours per week. He could also consider an increase of 4 hours per week for the Assistant Town Clerk.

Cheshire Police Department - Mr. Ruocco believes the CPD will have to work around the Dispatcher personnel issue, and does not support hiring 3 dispatchers. He said there are enough officers on the road and CPD has a high overtime budget.

Ms. Nichols stated that until the new State 911 call system is up and running she would not support hiring 3 Dispatchers, and current police officers can be trained on the new system to fill in for dispatch duties when needed.

The coverage is in place now, and Mr. Schrumm stated the Town should wait until the new 911 system is in operating before hiring 3 Dispatchers.

The cost to hire 3 Dispatchers is \$78,000.

Town Manager Milone stated that without the new 911 system up and running it does not make sense to hire any Dispatchers and CPD should continue to use police officers. In his proposed budget, Mr. Milone noted he took out one police officer for one year and another for half a year. He would like to take the one year frozen police officer position and have it filled in January or October at a cost of \$40,000 to \$50,000 as an add back to the budget.

Mr. Oris concurred with the statements made by Mr. Ruocco, and said he could consider one new Dispatcher position with elimination of one new police officer position. This would provide 2 Dispatchers per shift. He does not support adding new positions because the Town never gets them back.

Town Manager Milone stated that the police officer position is a budgeted position not being filled; it is not creation of a new position; and it was filled until one month ago when someone retired.

The other new positions to be considered are Mechanic, Media Coordinator; CPD without 3 Dispatchers and with 1 police officer shows a savings of \$104,324.

Social Services Department - Social Worker position increases to 24 hours per week; Program Supervisor hours at 24 per week; Fine Arts Department Clerk Typist hours increase to 29 per week; no increase in hours for Assistant Town Clerk.

Mr. Slocum, Mr. Schrumm and Mr. Sima did not approve of the Program Supervisor position increasing to 24 hours per week.

Mr. Milone noted that the two people currently in the positions do not take benefits, but the benefits (50/50 premium payment) would go with the position. With the renovation of the Senior Center Basement there will be additional programs offered which require the supervisor. Savings of \$3,000.

- 9a. \$104,324 Savings.
- 9b. P/P/T - \$3,000
- 9c. T/P/T - \$7,108 restored for Human Services Dept.
Lifeguards - Mixville Pond (summer season) and Community Pool when reopened.

Library - request for expansion of Sunday Hours from 13 to 20 Sundays, cost of \$7,100. There was a discussion amongst Councilors about the success of the Sunday hours with up to 1000 patrons visiting the Library. Following the discussion, the expansion of Sunday hours was not approved by the majority of the Council.

Ms. Nichols commented on the average taxpayer with a tax increase asking "what do I get for my money"; they get larger items such as sewer plant, road repairs etc. They want something for their tax increase and the benefit of something i.e. the Library.

Total Expenditures -	\$1,227,418
Total Proposed Adjustments -	\$1,573,176
One Mill -	\$2,677,604
New Mill Rate -	30.85 mills; \$138 average tax increase, Increase of 1.99%.

WPCD Electrician	(\$7,308)
BOE	(\$660,192)
T/P/T line	(\$7,108) restoration of funds.

Regarding the increase in the hours for the Electrician at WWTP, Mr. Schrumm stated the new plant would be more efficient, and if something goes wrong with electrical, there is enough staff on site to handle the situation. The Council was not in favor of extending the hours for the Electrician position at this time.

Senior Center Cost Analysis - 952 Cheshire residents \$5 per year - \$4,760; 261 Non-residents \$10 per year - \$2,610; total of \$7,370 revenue. There will be a discussion on increasing these fees.

BOARD OF EDUCATION - DR. GREG FLORIO

Dr. Florio informed the Council that the BOE has 5 confirmed retirements; the average has been 11 per year; people retire at levels of \$90,000 to \$100,000; new teachers are hired at income levels of \$40,000 to \$60,000 w/benefits. This year is the 2nd year of the retirement incentive at a cost of about \$20,000 per retiree. Other staff retirements do not result in significant savings.

Five plus (5+) more teacher retirements at savings of \$30,000 per retirement = \$150,000; without these retirements the money must come from somewhere else in the BOE budget. Under the teacher retirement fund, a teacher can retire after 35 years with 70% retirement payment.

Mr. Schrumm commented on recent increases in the BOE budget, as enrollment continued to decrease. Needed money in the BOE budget will have to come from other budget line items. According to NESDEC numbers there are 730 less students in the school system since 2005 while the BOE spends millions more each year.

Dr. Florio advised that even with full day kindergarten the school system is down 20 teachers from its peak.

From the audited town report in 2005, Mr. Schrumm cited the BOE as having 606 people; got up to 649 people 3 years later in 2008; and then lost 20 FTE's.

It was stated by Dr. Florio that the BOE never hired 35 positions in one year...but has added 10 or 12 in one year. And, the BOE received Title I money using the funds to add teacher aids in the kindergarten classrooms, and this is still paid for by the grant. He commented on the past under funding of medical benefits, the BOE increases being in this area of expense, and being told to use the trust fund money to balance the BOE budget. This was done.

Giving the BOE \$1.8 million increase this year, Mr. Schrumm said the spending per student would have increased 60% in the last 10 years. The public questions this.

Dr. Florio hears from the public; they love the school system; it is doing a great job; and the services are appreciated along with having one of the top school systems in the State. Cheshire spends less per pupil today with fewer students than any other district in the State.

It was stated by Mr. Oris it is unfair to say percentage wise there are large increases per student when you look at the average numbers of other good State communities, and Cheshire's per pupil expenditure is well below theirs. He said \$15,000 per student is a bargain to get the quality education the school system provides. Cheshire is a good community, and spending \$15,000 per student is a bargain for a good school system. Mr. Oris commented on it being unfair to berate the BOE for one year with a per pupil cost of \$12,000; now it is \$15,000; and he said the BOE increases are those over which there is no control.

Mr. Ruocco commented on the BOE line items being within the purview of the BOE and Supt. Of Schools. Last year the increase was \$2.3 million, and this year \$3.4 million is requested. He noted the unions force the town into arbitration which does not favor the taxpayer. Another big picture is whether Cheshire should redistrict.

Regarding the issue of "redistricting" Dr. Florio asked the Council to give the BOE the facilities study and in 5 years there may be closing of a school building. This cannot be done without the information required.

In this budget there is \$700,000 less in debt service and Mr. Sima said there is \$200,000 from the debt refinancing, and there is one time money in this budget that will not be there next year.

With funding of the BOE budget at the level cited, Dr. Florio said it brings benefits to a level where, hopefully, they can be sustained and cover claims, and BOE would not need \$1.4 million increases. Next year anticipated claims are about \$800,000 with the HMO; there are two months of claims funded on both sides; with a 3% increase in claims the BOE will just cover costs next year.

The Council reviewed the adjustments, taking off another \$150,000 for retirements. \$1,773,176 in adjustments = 30.81 mill rate. There are revenue enhancements which may not be there next year.

Mr. Milone made the following points and corrected the statement about "one time revenues". Tax collection rate is increasing by 1/10th of 1%; another \$50,000 is coming out of the fund balance for a total of \$700,000; other changes, \$35,000, will not sink the ship if it does not happen next year. Street light revenue of \$175,000 is a one time revenue. There is \$6.2 million in reserve as a stop gap.

The issue of Town and BOE buildings was raised by Mr. Oris who stated they need to be modernized and this must be addressed from a capital perspective. Some of the larger capital items may have to be shifted to years out in the CEP, as things cannot continue to be put into the operating budget. Debt service is advantageous and should be there to plan for future capital budget items, particularly the modernization of buildings.

Regarding the BOE budget, Mr. Schrumm said he would not increase this budget by more than last year or \$2.3 million...which is a \$1.1 million reduction.

The BOE budget at the proposed level meets the contractual obligations.

In the BOE budget, Dr. Florio has budgeted for the 4 teaching positions at a starting teacher salary, salary + benefits at \$50,000; he adjusted for the retirements.

Mr. Schrumm stated he does not look at the BOE budget as a cut, but as another \$2.3 million for Supt. Florio to go to the taxpayers, stating another 100+ kids left the system, and the BOE wants the \$2.3 million.

On the other side, Dr. Florio said people can be told taxes are going up only 1% with a phenomenal school system. He commented on Cheshire's great reputation as a town and school system.

With the BOE budget Dr. Florio said the town is meeting its obligation for the BOE medical costs. Nothing is being added to the school system; there is no improvement in the school system; the obligation for pension and medical benefits and contractual costs are being met.

The Council reviewed the expenditure and revenue adjustments, and numbers for review were cited as follows:

Adjustments -	\$2,023,176
Mill Rate -	30.69 mills
Average Tax increase -	\$115 or 0.76%.

Mr. Milone and Mr. Jaskot will prepare the spread sheets on expenditures and revenues discussed at this meeting. The information will be reviewed at the April 8th meeting.

4. ADJOURNMENT

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

MOVED to adjourn the meeting at 9:30 p.m.

VOTE The motion passed unanimously by those present.

Attest:

Marilyn W. Milton, Clerk