

MINUTES OF THE CHESHIRE TOWN COUNCIL PUBLIC INFORMATION SESSION
AND JOINT TOWN COUNCIL SPECIAL MEETING AND BUDGET COMMITTEE
MEETING HELD ON TUESDAY, APRIL 5, 2016 AT 7:00 P.M. IN COUNCIL
CHAMBERS, TOWN HALL, 84 SOUTH MAIN STREET, CHESHIRE CT 06410

Present

Council Chairman Robert J. Oris; Vice Chairman Paul A. Bowman; Councilors Michael Ecke, Patti Flynn-Harris, Liz Linehan, Sylvia Nichols, Thomas Ruocco, Timothy Slocum and Peter Talbot.

Staff: Michael A. Milone, Town Manager; James Jaskot, Finance Director; Gina DeFilio, Deputy Finance Director.

Dept. of Education - Supt. Scott Detrick; Chief Operating Officer Vincent Masciana;

Guests: BOE members Fabiani and Sobel.

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: FY 2016-2017 GENERAL FUND OPERATING
BUDGET.

Budget Committee Chairman Slocum stated that the Town Council and Budget Committee have held 10 budget meetings/workshops, had presentations from department heads, a public hearing on the Town Manager's proposed budget, and has heard statements in support of the BOE budget. The Town Manager was given direction from the Council to look at ways for budget adjustments. The Council looks at the budget, considers the taxpayers, and will make a decision on the budget for minimum impact on the taxpayers and the overall budget. The Council is proposing reductions to the Town Manager's proposed budget, with a mill rate between 30.99 mills and 31.19 mills.

Mr. Slocum pointed out that in the overall operating budget, the BOE budget is 69.5% and Town Government is 34.5%. There will be budget adjustments on the Town Government side from \$411,220 up to \$575,708; and adjustments on the BOE side from \$939,530 to \$1,315,342.

Budget Committee member Mr. Ecke stated that this meeting is a great opportunity for people to talk about the budget. He noted that when there are detailed discussions at the budget workshops, not many people attend these meetings.

In light of the financial state of the State, Mr. Ecke commented on it not affecting Cheshire too much this year, and the greater impact on Cheshire next year. The State has a \$1 Billion deficit to close, and their last option on funding will affect municipalities. In light of that situation, the Town Council is not adding much to this year's budget which will help for next year. The Town has a huge demand payment of \$3.2 million on the

treatment plan upgrade loan, and this is why the Council is taking such a hard look at the FY 2016-2017 budget. Mr. Ecke pointed out that Cheshire's State funding of \$13 million could be cut by 10% (\$1.3 million) or more, but no one can make a prediction, and the Council must anticipate this revenue reduction.

Chairman Oris thanked people for attending the meeting and making their voice heard on the Town budget. He also commented on the Council and Town administration being unsure of what will happen with State funding...as there could be additional cuts from the State. Mr. Oris noted that, by Charter, the Town must adopt an operating budget before that happens.

Town Manager Milone referenced key items in the operating budget...treatment plant upgrade balloon payment of \$3.6 million in FY 2017-18 on the Clean Water Fund loan, with interest from the start of construction to completion of the project. This is a debt service increase of \$3.6 million. The Town has \$6.5 million in reserve funds, and the Council and staff have been working to find other sources of revenue.

Mr. Milone pointed out that the Town continues to see erosion of State aid, with possible additional cuts in State revenue. Cheshire has seen a \$450,000 reduction in State funding.

The Town of Cheshire has a self-insured medical benefits program, with a \$3 million trust fund. The Town's trust fund is at \$8.6 million. Mr. Milone explained there is no tapping into these resources; they are being built up; and will mitigate further State revenue reductions. The tax collection rate is budgeted at 99.1%, and last year the collection rate was 99.8%. There are a number of safety nets in place, and the proposed mill rate is higher than expected.

Town Manager Milone presented a summary of the operating budget with mill rate adjustments.

31.69 mill rate - The proposed FY 16-17 budget is \$109,112,445; an increase of \$3,148,811 from FY 15-16 budget, or 2.97%.
General Government subtotal is \$38,819,875; BOE subtotal is \$70,292,570; impact on the average taxpayer (house and 2 motor vehicles) is \$7,249, +\$230 in taxes, or 3.26%.

The value of one mill is \$270,150. With a 31.69 mill rate, the Council directed Town Manager Milone to make mill rate reductions at 5/10, 6/10 and 7/10 of a mill...from \$1.35 million to \$1.891 million. Reductions include revenue enhancements and expenditure reductions.

31.19 mill rate - .5 mill decrease from Town Manager's proposed budget; General Government subtotal \$30,354,912, 1.70%; adjustment of (\$411,220); BOE subtotal is \$69,353,040 - (adjustment of \$939,530); impact on average taxpayer is \$7,179, +\$115, 1.63%.

31.09 mill rate - .6 mill decrease from Town Manager's proposed budget; 1.44% increase from FY 15-16; Budget of \$107,491,545; General Government subtotal is \$30,272,668 - adjustment of (\$493,464); BOE's subtotal is \$69,165,134 - adjustment of (\$1,127,436); impact on the average taxpayer is \$7,156, +\$92, 1.30%.

30.99 mill rate - .7 mill decrease from Town Manager's proposed budget; 1.19% increase from FY 15-16; Budget of \$107,221,395; General Government subtotal is \$30,190,424; adjustment of (\$575,708); BOE subtotal is \$68,977,231 - adjustment of (\$1,315,342); impact on average taxpayer is \$7,133, +\$69, .98%.

Mr. Milone informed the public that this is the place where the Town Manager and Town Council are right with the budget. He advised that the FY 16-17 budget did not go below the FY 15-16 level, and is increasing. The Council is still going through all the changes before making its decision.

PUBLIC COMMENTS AND QUESTIONS

Tucker Deming, 230 Oregon Road, stated our general government allowance is increasing this year, and usually the educational portion of the budget grows more than the government. He said we must change direction, do not incorporate more services into town government and being responsible for them, such as medical insurance, pension, etc. He suggested getting a private sector involved with running the town as we need more private profit seeking people with a motive to make the bottom line work. Mr. Deming said we are headed for austere times; 5 of the 7 surrounding towns are in deficit; and there should be no budget increase this year.

Guy Darter, 309 Cedar Lane, asked about the 3 new jobs in the budget and their actual cost with benefits, etc.

Mr. Milone informed Mr. Darter and those present that these positions were \$79,000 were cut from the budget, and no longer under consideration.

Mr. Darter asked for the increase in dollars and percentages if all that was paid was the contractual obligations. He said no one is getting increases for what they pay so the only increase should be the contractual obligations. Run a zero increase budget without letting people go. Mr. Darter commented on expenses, building fuel costs being under budget, and being able to move this money between accounts.

It was stated by Mr. Milone that the Charter allows departments to control by bottom line. There is flexibility to move money around. If the amount is large they come to the Town Manager for authorization.

Mr. Darter stated the town should look at tightening these controls, it is not a bottom line budget, but a line item by line item budget. Save money on one item such as fuel don't spend it on something else, and this would keep the budget lower on a long term basis.

Over the last 10 years, Mr. Milone said general government resulted in an under-expenditure of \$300,000 to \$600,000 over the course of a year. There is no spending to the bottom line, and departments have been responsible and prudent. This is how the town has generated a surplus the last few years--because of under-expenditures. Revenue is held and debt service is held.

In the real world people do not get raises and Mr. Darter said incomes are not increasing, while we continue to increase the amount the government spends. This year do not spend a dime more...the town is cutting increases to the budget, and is not cutting the actual budget.

Chairman Oris stated the Council does its best to get into the line items, but does not have that capability on the BOE side. He said this issue should be raised with the BOE on their total number and how they spend their money.

Derf Kleist, 251 Lancaster Way, asked when the \$3.2 million payment is due on the treatment plant upgrade, and if it was in the proposed FY 16-17 budget.

In reply, Mr. Milone said this payment is in the FY 2017-2018 budget.

Mr. Kleist said if there are increases in the contract negotiations the savings should be front loaded to offset the \$3 million debt. Any raises should be in the out years. If wages are increased then work hours should be increased. For the Police Department there should be minimum scheduling and reduce overtime and make this change in the next contract.

Marlena Sobel, 25 Flager Avenue, BOE member, explained the BOE starts its budget process in January. The budget book explains what the BOE does; there are many meetings with review line by line; the Council receives a copy, and questions can be asked. She cited her disagreement with Mr. Oris, and said the BOE does not have control over its budget, and it does not control the purse strings. The BOE budget request is a \$21. million increase; this was lowered by the Town Manager to \$1.9 million; the BOE needs \$1.2 million increase to maintain current programs and services, without inclusion of new initiatives such as world languages and band uniforms. Ms. Sobel does not like to pay taxes or tax increases, but does not mind paying when the money is well spent. Paying money into the school system and town is a solid long term investment. The three scenarios stated are not enough to get the BOE a \$1.2 million increase. The 4/10 mill is \$23 and will enable maintenance of services and programs. She disagrees with the statement that saying no to a budget increase is a harder decision but a better decision.

Kathy Fabiani, 80 Autumn Court, BOE member, agreed with Ms. Sobel's comments, and emphasized that much work goes into the BOE budget. She said Mr. Detrick and Mr. Masciana did a masterful job on all aspects of the BOE budget. The majority of the BOE increase is driven by teacher contracts, special education costs, fixed costs, and the BOE cannot cut back on them. It is understood we cannot get everything. The

BOE total increase is 54% of the Town Manager's budget, and she questioned where the 70% BOE and 30% Town is taken into account. Without funding the alternative is to cut support services, laying off teachers, increase in class sizes, cutting programs. Ms. Fabiani said the BOE increase request is not unreasonable; it is great for the children; it is what is needed; and she asked the Council to reconsider the allocation of the reduction.

Cindy Kleist, 251 Lancaster Way, reported that Wallingford CT budget increase is 1.66%, and 140 out of 169 towns are having problems. In the 1970's she attended Bridgeport schools which were good at that time, then suffered major budget cuts and people left the city. Ms. Kleist said privatizing does not work; the BOE budget should not be cut; and she is a victim of education budget cuts.

Mary Carbera, 35 George Avenue, asked for the percentage of tax revenue coming from residential homeowners.

Town Manager Milone advised it is 85% to 88%.

Mr. Carbera said Cheshire should start talking about economic development. She said the 3 proposals go beyond what the BOE requires and the numbers will take the BOE below existing funding levels. Cheshire is below the average per pupil spending in the State and Ms. Carbera said the BOE operates an efficient and successful school system with low per pupil costs.

James Sima, 180 Birch Drive, commented on the \$350,000 moved from surplus into debt service reserve in September 2015, and questioned whether this is reflected in the FY 15-16 budget.

In response, Mr. Milone said yes it is...the \$6.5 million debt service reserve includes \$350,000 moved from surplus into the reserve account.

If you look at the almost \$106 million, Mr. Sima said \$350,000 of that money is actually money moved from surplus into the budget year. He asked about reserve funds being used to offset any State reductions to the Town.

Mr. Milone said that is correct. This is why the reserve funds and trust funds are being used, to bring down the mill rate in case of further reductions in municipal aid.

Mr. Sima talked about the three scenarios presented for the budget, 5% to 10% further State reductions next year or the following year. He asked if this is building a tax increase into the following budget year, by relying on use of reserve funds to pay for the operating budget.

According to Mr. Milone the only assumption for FY 2017-18 budget relative to reserves is to use them one time...there will be a one time expense. The plan is to build up the reserve balance, and WWTP fund balance to extract additional money to help reduce

the spike in the payment next year. The intention is not to deplete them, but increase them for the purpose of a one-time offset of the debt service.

If there is use of the fund balance to offset State aid, Mr. Sima said next year there will be a bigger hole in the State budget. There will be no increase in State aid; taxes will have to be raised to make up for this budget, or raid fund balance one more time. There are concerns about this, and Mr. Sima noted 10-12 years ago there was a reduction in State aid, there was a massive cut, and the BOE took the larger share of the reduction. He wants to insure Town staff and department heads are fully aware; he would be more severe in making cuts tonight; once BOE and department heads are told how much money they have, they can't get half way through the year and have things pulled out from underneath them.

It was clarified by Mr. Milone that the Town is not using more fund balance than in prior years. \$700,000 was used. There was a \$400,000 reduction in State aid absorbed in the operating budget. It is not the intention to run to the fund balance with a reduction in State aid. The money is there for an unfortunate calamity, and the expectation is to use these funds as a cushion.

Courtney Devine commented on the three BOE funding recommendations, which will result in larger class sizes and elimination of teachers as a reality. She talked about her daughter's success in math, teachers calling parents back right away, the one-on-one attention. She asked the Council to consider fully funding the BOE budget request.

Eric Bucci, 160 Birch Drive, said people come to Cheshire for the school system, which increases property value, and is an economic draw for people coming to Town. People should bolster this worthy endeavor and forego other things for education.

Budget Committee Chairman Slocum stated the three budget presentations have been made, and he encouraged people to pay attention to the budget process. All comments will be considered, and the Council will come to a conclusion which makes the most sense for the community.

Council Chairman Oris noted he has three children in the school system, and is a strong supporter of education in Cheshire. Council members support the educational system, recognize its importance and impacts on property values etc. A Council decision on the budget has not yet been made, and it will not be made lightly. Over the last two years the BOE did well with its budget. The Council will make a hard decision; there must be a balance, continuing to invest in our community, with education as one area. The Town Council has debt service, struggles with the State, many people on fixed income including senior citizens, and we want them all to stay in the community. The issues cited by the public have been heard and they are heard and understood.

Mr. Oris pointed out that the Council is not looking to gut the educational system...and that is not being suggested. An increase will be pursued...it is a matter of how much. There are many places we can all look to save money, find efficiencies without cutting

programs, sports, teachers. Efficiencies are being looked at on the general government side of the budget. Mr. Oris noted the Council does not have line item thoughts or oversight relative to the BOE budget...a total number is approved...and how it is spent is a BOE decision.

Councilor Linehan talked about the information that has come to her attention, via Facebook, on the rumor that the Town Council is looking to cut 20 teaching positions amongst grade levels k-6. She emphasized that this is a false rumor; the Council never discussed this matter; the Council is not in charge of BOE budget cuts. Ms. Linehan stated that any time someone hears rumors like this, they should reach out to her via e-mail, Facebook, or talk to any Council member. She reiterated the fact that the Council never discussed cutting teachers or increasing class sizes to 25+ students.

The Council postponed discussion on the Operating Budget to enter Executive Session.

4. LAND ACQUISITION (executive session)
5. PENDING LITIGATION (executive session)

MOTION by Ms. Flynn-Harris; seconded by Ms. Nichols

MOVED that the Town Council enter Executive Session at 8:22 p.m. to include Town Manager Milone and Town Attorney Smith to discuss land acquisition and pending litigation.

VOTE The motion passed unanimously by those present.

MOTION by Mr. Talbot; seconded by Ms. Linehan

MOVED that the Town Council exit Executive Session at 9:10 p.m.

VOTE The motion passed unanimously by those present.

The Council continued discussions on the FY 16-17 Operating Budget.

Mr. Oris noted that the BOE assumption is two (2) teacher retirements, and historically this number is higher.

Supt. Detrick said it could be up to four (4) retirements based on the age and experience of a few teachers. He stated there are not that many people at the top end, and with the past incentives there were more retirements. Supt. Detrick estimates one (1) to three (3) more retirements.

With declining enrollment, Mr. Oris cited his concerns about the increase in class size with reduction of teaching staff. From 2010-2016 the district has seen a 487 student decline, and in the same period teaching staff increased from 283 to 293. There was

implementation of full day kindergarten. The Instructional Assistants (IA) increased from 93 to 103. Teachers and IA's increased by 10 more staff with 500 fewer students. Mr. Oris questioned this calculation and its equation to larger class sizes.

In response, Supt. Detrick there were six (6) additional teachers and six (6) additional IA's for full day kindergarten, and most times additional staff is for special ed students.

Christ Brown, PTS Director, informed the Council that the increase in IA staff was due to more families moving into Cheshire with Autistic children. There is a special program at Highland School for these students...one-on-one IA for each child to address their needs in the program. Last year it was 12 students; this year it is 18 students. An IA salary is about \$25,000 annually versus placing a student out of district at a cost of \$80,000. With increased staffing, Mr. Brown said there is more efficiency and students are kept in district and in their neighborhood.

Mr. Masciana advised an IA works 28 hours a week, and is not a full time employee.

The BOE budget administrative line shows an increase of one administrator, and Mr. Oris asked for clarification on this item.

Mr. Masciana informed the Council that the CHS Athletic Director position was moved to the "administrative" line due to a change in State statute whereby an A.D. is classified as an administrator.

The issue of class size was discussed by Supt. Detrick who noted it is confusing. When a teacher is cut due to declining enrollment it does not always fit based on class sizes in a building. The average class size is 18, but there could be up to 20 children in a classroom. The goal is to lower class size. For 35 to 38 children in a school grade level, two teachers are needed; for 25 students in a grade level, two teachers are needed in classes of 13 and 12. This is why it is not always consistent and easy for class sizes, and it may not get to equivalency in grade levels in all the schools.

It was recommended by Mr. Slocum that the BOE look at moving students, and he noted the Doolittle District had more families moving in and larger class sizes. He said these are the challenges the BOE must look at carefully.

According to Mr. Masciana enrollment is declining, but not rapidly enough to make large changes. The district is down to 114 elementary teachers; reduction will happen but not quickly in order to keep class sizes consistent across the grade levels. Some grades have higher or lower class size...Highland School, Grade 2 will have 22 students in a class next year.

Mr. Masciana reviewed the BOE budget, page #1, Certified Staff, noting the administrative increase of one position, Athletic Director. Line item 110 has a normal increase of 2.5%, plus an increase for wages for the interim Superintendent and new Superintendent; so, there is a slight increase in wages in the line item.

Councilor Bowman commented on the budget problems of the Town and BOE, with the Town looking at ways for additional savings. He said the Town Council cannot delve into the BOE budget, but wants to insure the BOE is looking at opportunities for elimination, scale back, and can achieve efficiencies across the board in its budget. He said it seems like there is no room to do anything different.

There is no inflexibility and Mr. Masciana said the BOE is responsible for taking the appropriated budget and make a decision. It is not up to the Superintendent or him; it is a Board decision for reductions; and there will be savings going forward, i.e. medical benefits line item, with renewal at lower premium.

Mr. Bowman reported he pulled BOE meeting minutes from the web site. The Board spent a total of five (5) hours going through the BOE budget. This is difficult to understand as the Council spent 6 times that amount on a \$30 million budget. He wants to make sure we are not gutting the BOE budget. The Town Manager came up with \$400,000 in General Government cuts in revenue and expenditures. Mr. Bowman wants to work with the BOE for the best education system possible at the best cost. He commented on the rumors in town that the Council will devastate the Cheshire education system, and this is troubling.

In response to a question about teacher negotiations, Mr. Masciana said they start in September, with a BOE and Council meeting in June or July.

Mr. Ruocco commented on 80% of the town budget in contractual obligations, and said there may not be funds there for typical contracts. Salaries reach good levels, along with expensive pensions, medical benefits, and this is where the money is now.

The Council was told by Mr. Masciana that the teacher contract negotiations start in the FY 17-18 year. With regard to efficiencies, he said this is done every day...managing staffing, negotiations with vendor contracts. The BOE will make decisions and find ways to cut without impacting services. Mr. Masciana advised that anything below a 5/10 mill reduction will affect programs and services in the school district, without may trade-offs.

With the possibility of five retirements and medical benefits cost savings, Ms. Linehan said there have been no numbers given. BOE must help Council know the potential savings and numbers to be taken into consideration. Having these numbers allows the Council to discuss a lump sum and take them into consideration, without holding the BOE to them as the Board makes the ultimate decision. The BOE wants to get to \$1.2 million, and she asked how this is done...and noted the need to share information.

Supt. Detrick cited the number in the proposed world language program, \$160,000. With three (3) retirements the new teacher(s) replacement is usually at a lower salary level. At \$1.2 million budget level the BOE will be able to reach contracts before cuts to programs and teachers.

The issue of per pupil spending in DRG-B was raised by Mr. Bowman, and he asked about parity in establishing this number in Cheshire...i.e. accounting procedure/practice to define this number.

These numbers are calculated by the State and Mr. Masciana said Cheshire is in the \$14,000 range of per pupil spending. The information includes form E-DO1 to the State, and the information is consistent amongst all school districts.

Mr. Oris stated the Council receives the numbers from Town Manager Milone. There are more cuts from the Council, but there is still maintaining of services and programs. In looking at 6 years of budgets, in the BOE 2011 budget, Mr. Oris said the Board did not cut a nickel. In 2 of the 6 years money was added. He commented on Mr. Milone finding efficiencies after money is cut. In looking at the fact that the BOE spent 5 hours meeting on its budget (2/3 of the total town budget) versus the many Council meetings on the town government budget which is 1/3 of the total budget, Mr. Oris noted the Council is finding places to cut funding. Over the years the BOE has just ratified, or increased, the budget presented.

Mr. Slocum acknowledged the fact that the Council works closely with Mr. Masciana on all aspects of the school system, yet the BOE budget is up to BOE total control and oversight. He said that, together, the Council and BOE have done things to save money, but there is some wiggle room in the BOE budget.

A fact was cited by Mr. Ecke that the fundamental difference is that the Council asks taxpayers to write the tax checks, and the BOE does not have to worry about this.

Handout 4/5/16, page B - Mr. Milone reviewed the changes in the adjustments.

Item 34, Employee Benefits, new position, social security, 401A - \$15,987 adjustment with elimination of police officer position;
Item 35, Med. Ben. Rate Adj. 1% - \$31,950;
Item 32, Fire-Temp Fire Marshall (\$7,000) restored;
Item 10, Building Inspection-Other \$21,766; to streamline office operations; there is enough savings to move forward with transfer of records for the department.
TOTAL REVENUE & EXPENDITURE ADJUSTMENTS - \$504,303.

Page D - memo from CPD Chief Dryfe on the impact of one (1) vacant police officer position.

Page E - is a staffing analysis of CPD for the last four years.

CPD Staffing Analysis - 2014. From 2014-2015 the CPD reorganized; 2 Captain positions eliminated; Lieutenants reduced to 3 positions (from 5 in 2014); 33 FT police officers in 2014, increased to 37 FT officers. The CPD is down an officer, but there have been additions of 14 people in patrol over the past few years due to the reorganization.

User Fees WWTP reserve build-up - the last analysis on the debt service shows adding \$150,000 from fund balance, \$150,000 from the energy rebate, increased collection rate by 1/10 of 1%, and additional money from refunding savings.

6. ADJOURNMENT

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

MOVED to adjourn the special meeting at 10:01 p.m.

VOTE The motion passed unanimously by those present.

ATTEST:

Marilyn W. Milton, Clerk