

**MINUTES OF THE CHESHIRE TOWN COUNCIL PUBLIC HEARING HELD ON TUESDAY, MARCH 20, 2018, AT 7:00 P.M. IN COUNCIL CHAMBERS, TOWN HALL, 84 SOUTH MAIN STREET, CHESHIRE CT 06410**

Public Hearing Subject Matter

**PROPOSED FY 2018-2019 GENERAL FUND  
OPERATING BUDGET, WATER POLLUTION CONTROL  
FUND OPERATING BUDGET, AND COMMUNITY POOL  
FUND OPERATING BUDGET.**

Present

Robert J. Oris Jr. Chairman; Paul A. Bowman, Vice Chairman; Jeffrey Falk, Patti Flynn-Harris, Timothy Slocum, Peter Talbot, David Veleber.

Absent: Sylvia Nichols

Staff: Michael A. Milone, Town Manager; James Jaskot, Finance Director; Assistant Town Manger Arnett Talbot; PW Director George Noewatne

Guest: Sean Kimball.

Dept. of Education – Supt. Jeff Solan; Assistant Supt. Sean Parkhurst; COO Vincent Masciana.

**1. ROLL CALL**

The clerk called the roll and a quorum was determined to be present.

**2. EXPLANATION OF HEARING PROCEDURE AND AGENDA**

**3. READING OF LEGAL NOTICE**

The clerk read the legal notice into the record.

**4. PRESENTATION ON HEARING SUBJECT**

Town Manager Milone introduced Cheshire's new Town Manager, Sean Kimball, who will join staff on May 1<sup>st</sup>, and work with him in the transition process until Mr. Milone's retirement on June 30, 2018.

Mr. Milone thanked Mr. Jaskot, Ms. DeFilio, Ms. Talbot and Town staff for their hard work on the proposed FY 18-19 operating budget.

Mr. Milone stated the proposed budget is a maintenance budget with few exceptions (Cheshire Police Department). This is a proposed budget which the Council will review and change before it is adopted, and the tax impact will be reduced. Many options and policy decisions will be presented to the Council during the budget workshops.

Mr. Milone presented the Town Government side of the budget.

**Slide #3 – Summary.** The proposed FY 2018-2019 Operating Budget totals \$111,802,832; this is an increase of \$3,174,183 from the FY 2017-2018 budget; it is an

increase of 2.92%. The increase is driven by General Government at \$1.2M and Education at \$1.98M.

Debt did not increase due to more control of debt and keeping it constant.

The proposed budget increased by only 2.92%/\$3.174M; proposed mill rate of 33.19 mills (from 31.94 mills).

Annual tax increase, based on the 33.19 mill rate, for the average homeowner (house and two cars) = \$291.

The Town has been significantly impacted by a \$3.2M loss in state aid in the last two fiscal years. One mill = \$2.7M, and the Town lost 1.2 mills with lost state revenue.

Estimated surplus is \$1.49M, due partly to position and spending freezes.

Further cuts will likely impact programs and services, with modifications, changes, elimination or deferred. Mr. Milone said it has been hard to feel confident about services due to the likelihood of additional state aid reductions. The Town is committed to maintaining, as much as possible, a high level of quality services.

**Slide #4** – FY 2019 total budget - \$111,802,832; +\$3,174,183, or 2.92% increase.

General Government – proposed budget of \$31,894,127; increase of \$1,208,549; 3.94%.

Education – proposed budget of \$72,108,781; increase of \$1,982,493; 2.83%.

Debt Service - \$6,574,924. (-\$16,859, -0.26%).

Capital Non-Recurring (C.N.R.) - \$1,100,000; 0% increase.

Contingency - \$125,000; 0% increase.

The Town Council is responsible for all of the budget except Education.

Mr. Milone read a statement into the record about the state aid reductions and their effect on municipal governments. *“The State has created an unprecedented climate of uncertainty and unreliability which constantly undermines our efforts to efficiently manage government operations.”*

Mr. Milone noted that over the last 18 months major adjustments have been required to the Town budget with these state aid reductions. The Town staff is facing the budget situation with optimism, realism and with safety nets. The treatment plant upgrade cost

was \$32M; 20% State funds; and the balance paid by the Town through low interest loans. This project was a large spike in debt service, and Council and staff have been planning over the last eight years to build up reserve accounts to handle this debt. There is a significant WPCD fund balance. The WPCA has altered treatment plant user fees for equity between resident and commercial users. Due to the planning and building up reserve accounts, the debt reserve, WPCD debt reserve, and changes in the user fees, the gross debt of \$9.2M would have added another mill and/or drastic cuts to services and programs. Mr. Milone commended Town Councils and staff for the vision and commitment to put aside money to protect the Town. In order to have a surplus this year, the Town Government and BOE froze significant amount of expenditures. On the General Government side the budget is \$103,000 more than last year, .34%; Education is freezing \$484,000, and the BOE increase is \$247,000, .36%.

#### **Slide #5 – Multi-Year Budget Comparison**

Mr. Milone explained that in last year's budget he proposed a mill rate increase of 1.53 mills, and the Council reduced it to .78 mills. He said there are many things in the budget which can be modified, reduced, deferred or eliminated. Ten year average budget increase is \$1,808,261, or 1.84%. With sustaining state aid there would not have been an increase in the mill rate. In the last three years, average expenditure increases were 1.63%; last year the proposed increase was 2.4%; this year the 2.92% increase will be lower following Council review.

#### **Slide #6 – Tax Payment Average Taxpayer**

This information represents the average homeowner assessed value (70% of market value) for real estate and two motor vehicles. Total assessment of \$223,680 has taxes of \$7,736; at 33.19 mill rate this is \$291 more than last year or 3.91% increase.

#### **Slide #7 – Ten Year History, Annual Tax Increase**

FY 2009 to FY 2018 average homeowner tax increase is \$133 or 2.00%.

#### **Slide #8 – Key Areas of increase**

Cheshire medical benefits are self-insured. The Medical Benefits Trust Fund has a \$1.3M balance which can be used as reserve funds. Taking too much out of the trust fund to balance the budget creates a hole in subsequent budget years. The last few months have had unexpected high claims experience.

Pension/Retirement Plans are still feeling the effect of the 2008 recession related to investment income. The Town closed out its defined benefit plan to a defined contribution plan, with some enhancement for employees, creating a bubble in terms of liability. The defined contribution plan is for new employees. There has been a robust stock market the last 18 months, and this will be seen in the next actuarial report. The CPD contract was recently signed with benefits capped at 90% of base wage.

PW Dept. Program Materials – The snow and ice budget has been exceeded by \$160,000; \$50,000 will be put into this budget line item.

Mr. Milone explained that the Town is looking at and exploring a solid waste automated collection service. Containers will cost about \$500,000, amortized over seven (7) years. This program will be in the capital budget.

Personnel Services- increase of \$549,479, 4% related to wage accounts. \$235,000 of this amount is exclusively for the Cheshire Police Department (CPD). There are increased concerns about school safety and security. Chief Dryfe suggested to the Town Manager and BOE that there be more police available for the schools. Cheshire has one School Resource Officer (SRO) at the high school; it is hoped to have another SRO for Dodd Middle School; and spread out police officers and assign them to rotate at the elementary schools throughout the day.

Cheshire Police Department – has a frozen position and two (2) unfunded positions for a few years. CPD budget increase of \$235,000. All CPD police officer vacancies will be funded and filled bringing the department to 49 police officers. Mr. Milone stated the full funding of CPD has nothing to do with a spike in crimes in Cheshire. CPD is recognized by national organizations, rating Cheshire as one of the safest communities in the state. The goal is to find ways to keep the schools safe and provide other services needed.

In Personnel there are four or five other frozen positions, fully budgeted, which the Council can decide to fund and fill.

Public Safety includes Cheshire Police and Fire Departments, Civil Preparedness, Animal Control and Building Department. For the Fire Department (+\$27,000) there is a request to increase fire call response to \$5.50 per call (+50 cents) or \$7,000. CPD and CFD have a gift account which is used for expenditures and equipment needs.

#### **Slide # 9 – Functional General Government Categories and Variances**

The categories are Administration and Finance, Planning and Development, Public Safety, Public Works, Social Services, Cultural Services, Leisure Services, Public Health.

Total General Government FY 18-19 - \$31,894,127; variance of \$1,208,549, or 3.94%. Over 10 years the average tax increase was 2%, and this stays within the CPI increase of about 1.75 to 1.9%.

FY 2017-2018 there was a .78 mill rate increase; average taxpayer increase of \$342.

Public Works Department budget - The Council approved purchase of a vac haul truck, savings of \$40,000; there are in-house engineering services taking on more duties; department reorganization with Parks Division in PW Department has worked very well, increased operational efficiency and decreased costs.

Cultural Services includes Library and Fine Arts; 5% budget increase; Library budget dropped by \$21,000 due to cut in positions; two positions are fully funded for FY 2019 budget.

Leisure Services is the Recreation Department, and the increase is due to the pool subsidy of \$298,000.

Public Health includes Chesprocott and Campion Ambulance contracts.

### **Slide # 10 Significant Revenue Changes**

Mr. Milone pointed out the significant revenue changes related to FY 2019 Revenue Increases and Revenue Decreases. He cited examples of the State increasing the ECS grant by \$2.149M; and eliminating the Special Education grant of \$3.399M. The Town is receiving \$736,700 in Municipal Revenue Sharing, and \$232,047 Municipal Stabilization Grant...yet with two years of MRSA being in effect, the State is eliminating this funding of \$855,170. On the part of the State there is a lack of cohesion, vision, and integration of effort, which makes no sense at all.

Property Taxes – generate the majority of taxes; with the mill rate increase \$3.9M more will be generated; Grand List growth \$15M generates \$500,000 tax revenue; Tax Relief Program decreased by \$41,556.

PILOT – this State payment is to reimburse the Town 100% for tax loss associated with the prison. The current reimbursement is at 27.04% of the 100%. Next year the Town will receive \$1.205M, and the fully funded program revenue would be \$4.59M.

### **Slide #11 General Fund Revenue Category Summary**

Most of the Town's revenue comes from the property taxes. Town departments will have a slight increase with fees and fines. Grants to the Town will see a decrease. Miscellaneous grant income will slightly increase; Investment Income projected to increase \$650,000; Education Grants decrease by \$792,735. The Town will have a net loss of \$1.4M in state aid after a loss of \$1.8M last year. General Fund Equity revenue will be \$800,000 which is \$200,000 less than last year. Fund Balance is \$108,628,649.

### **Slide #12 Revenue Comparison**

Four major categories of revenue are Taxes, State Aid, Other, Fund Equity. Since 2015 the tax burden has shifted to the local taxpayers. FY 2019 local taxes will be 82.5% of Town revenue; State aid will be 12.4% (in 2015 it was 16.5%).

### **Slide #13 Community Pool Fund Revenue**

Total 2019 expenditures and revenue - \$931,484; subsidy will be \$298,014. Mr. Milone reported the pool facility is running well, but revenue has not been generated as expected. During the summer season revenue has decreased; staff is looking to increase amenities with summer volley ball and other recreation activities; new

bleachers will be installed very soon which will enable the facility to host larger swim meets and generate revenue.

### **Water Pollution Control Fund Budget**

The WPCD fund does a good job of paying for operation of the treatment plant; the Town pays for a portion of the debt service; the new plant operates more efficiently with reduced utility and chemical costs; the healthy WPCD fund balance will be used to defray debt service with \$800,000 from the fund.

### **Slide #14 Capital projects**

Mr. Milone briefly reviewed the capital projects, noting the operating budget is involved in moving these projects forward.

### **Slide #15 Summary of Available Options**

General Fund Equity with utilization of \$800,000 in FY 2019 will be \$10.78M or 10.04% of the FY 2018 estimated operating budget expenditures.

Debt Service Reserve Fund balance is \$3.571M after using \$1.18M in the FY 2019 budget.

Medical Benefits Trust Fund balance is \$4.823M, as of 1/31/18.

WPCD fund equity of approximately \$1.806M, 43.8% of its operating budget; fund was expanded with award of \$1.453M settlement of the lawsuit against the State DOC.

### **Slide #16 Goals and Challenges**

Mr. Milone cited the goals and challenges for the Town. Cheshire's education system is one of the best in Connecticut; Cheshire is recognized as one of the top 50 places to live in the country; the town has one of the best public safety departments and recognition of lowest crime rate by two organizations; good Public Works Department; recreation, leisure, cultural services are outstanding; there are interesting and new activities for the community; Town has a AAA credit rating and strong fund balance; there is a commitment to infrastructure (new roads, sidewalks, sewer treatment plant, town and school buildings); the Town provides a high level of customer service, communication and citizen awareness, is as transparent as possible; web site is being expanded; there is good succession planning with 10% to 15% of current staff retiring in the next few years, and policies and procedures are in place for staff replacement. EDC has a marketing assessment plan to market the Town; grand list growth continues with two major development projects – medical center and Marbridge Home expansion.

### **Slide #17 Budget Schedule**

The Town Council will hold budget workshops through April 23<sup>rd</sup>; Public Information Session set for April 17<sup>th</sup>; proposed budget adoption date is April 24<sup>th</sup>; deadline date is April 30<sup>th</sup>; budget petition deadline is May 20<sup>th</sup> referendum deadline is June 20<sup>th</sup>; final budget adoption deadline is June 27<sup>th</sup>.

Mr. Milone explained that the Council's suggested revisions/changes to the budget will be shared with the public at the April 17<sup>th</sup> information session.

### **DEPARTMENT OF EDUCATION**

Supt. Of Schools Jeff Solan presented the BOE proposed budget for FY 2018-2019.

The proposed Superintendent's budget was \$72,508,781; BOE reduced this budget by \$400,000 (Medical Benefits Trust Fund) to \$72,108,781; this is an increase of \$1,982,943 or 2.83%. FY 2016-17 budget was \$68,975,708; FY 2017-18 budget was \$69,642,073.

The impact of the last budget reduction (FY 17-18) resulted in many teaching positions being left unfilled; curtailment of professional development and instruction resources, and facility maintenance.

Continual Cost Management Efforts – Medical Benefits Strategy FY 2017-2018 reduction of \$700,000; locking in energy prices; use of technology to improve efficiency; purchasing through consortium pricing and negotiations, and no shipping fees.

FY 2018-2019 Budget, \$72,108,781, +\$1,982,493, 2.83%. Increases in salaries, employee pensions, transportation, transportation costs, instructional expenses, maintenance and operations, variable costs = 6% of the BOE budget. The 2018-2019 recommended budget focuses on filtering staff, programs and services to maintain fiscal efficiency.

Complex Thinking and Social/Emotional Learning – Bridge Behavior Support Program at middle school. Supt. Solan stated BOE staff does a better job with students than outplacement, keeping students in the community. It is less costly.

Special Education Support Services – meeting the needs of identified students; services legally mandated through IEPs; BOE has a partnership with Quinnipiac University; 11 new Instructional Assistants hired.

Complex Thinking – to include middle school Math Coaches; implementation of 1:1 Chromebooks initiative grades 6-12; restoring elementary classes to prior levels.

Projected Enrollment – PreK-12 is 4,247 students at the present time; reduction of 35 students projected to 4,212 students. PreK-6 is +16; grades 7-8 (100); grades 9-12 is +49; demographic studies indicate grades 9-12 levels of 400+ students; this data does not include Operation Choice students.

Net Teacher Changes – restoration of four (4) elementary teachers; reduction in class sizes for grades 5 and 6; elementary class sizes recommendation is 17.9 (last year 18.0).

Per Pupil Expenditures DRGB – Cheshire spends \$15,593 per pupil (on the low end of the DRGB districts); Cheshire receives above average ECS revenue; relative staffing shows Cheshire ranking #20 in DRGB (out of 21 districts).

SAT Scores – combined SAT score is 1136 (return on investment); Cheshire ranks #17 in Connecticut for ROI; dollars spent per SAT - \$13.73.

BOE Request of the Town Council – approval of the BOE proposed budget of \$72,108,781, an increase of \$1.982M.

Supt. Solan thanked everyone involved in putting together the BOE budget, and commended Cheshire's great students, excellent educational system, involved parents and community support.

**5. QUESTIONS AT THE DISCRETION OF THE CHAIR.**

**6. PROPONENTS AND OPPONENTS STATEMENTS ALTERNATELY EXPRESSED.**

Tucker Deming, 230 Oregon Road, talked about looking at past performance over 10 years, Cheshire's population of 29,000 which is the same now. In 2010 there were 5,000 students; now there are 4,200 students; student population has decreased over 10 years. The budget increased +2%, so in 10 years there is an 18% - 19% tax increase. He questioned these projections going forward, taxing ourselves out of existence. Mr. Deming recommended tightening belts more, with the expectation of greater problems ahead.

Tom Morck, 5 Briar Court, said he recognizes the hard job ahead of the Council and his appreciation for their services with many unknowns, requests and uncertainties from the State. Mr. Morck stated his support for the Cheshire Library and its importance to the Town as a cornerstone of a healthy community. He commented on the many CPL services, above books and electronic media, giving people an opportunity to find jobs, explore the world, experience new ideas, and provides a safe place for people to gather together. He and his wife visit CPL daily and see lives being enhanced through music classes for mothers and children, youth and teen programs, high school students using the lower level for studying and research, adult programs, reach out programs to the homebound, excellent staff, and increased use of the Library without an increase in staffing. Mr. Morck requested the Council make a commitment, restore funding for CPL services on weekends and expanded services and economic health of the community.

Dalena DeSema, 751 Deavonwood Drive, stated her support of the Cheshire Library, and served on the Library Board for 8 years. She commented on evidence supporting the first five years of a child's life with books in the home being a predictor for educational success. Ms. DeSema read an excerpt from a book "Into the Road". She

cited CPL as a multi-cultural center and meeting place for the community, with excellent and responsive staff that meets the needs of community members.

Breina Schain, 62 Hilltop Road, spoke of her support for the Library, and using it as a learning experience and going to cultural events and programs. She commended CPL staff for excellent service to the patrons. Ms. Schain asked about the 100% State reimbursement to the Town, which is now at 27%, and payment on the treatment plant lawsuit.

In response, Mr. Milone reported the Town persevered in the lawsuit against the State DOC with a \$1.453M settlement. This money is in the fund balance of the WPCD, and being used to help pay the debt service for the plant upgrade. The PILOT payments continue to decline each year because the State does not have the funds to support the payment, even though statutes require 100% reimbursement. Mr. Milone cited the fact that the State continues to renege on its statutory obligations, and the City of New Haven is suing the State for reimbursement of its PILOT payments. If this is successful all municipalities will benefit.

Ms. Schain commented on the number of condo complexes in Cheshire, and the need to keep a country atmosphere as much as possible.

**7. REBUTTAL AT THE DISCRETION OF THE CHAIR.**

**8. ADJOURNMENT**

Chairman Oris adjourned the public hearing at 8:50 p.m.

Attest:

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Marilyn W. Milton, Clerk