

**MINUTES OF THE CHESHIRE TOWN COUNCIL SPECIAL MEETING HELD ON
WEDNESDAY, JANUARY 24, 2018, AT 7:00 P.M. IN ROOM 207, TOWN HALL, 84
SOUTH MAIN STREET, CHESHIRE CT 06410**

Present

Robert J. Oris, Jr. Council Chairman; Paul A. Bowman, Vice Chairman; Council Members – Jeffrey Falk, Patti Flynn-Harris, Sylvia Nichols, Thomas Ruocco, Timothy Slocum, Peter Talbot, David Veleber.

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

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: TOWN MANAGER TRANSITION WORK PLAN

Mr. Milone referred to his revised memo, with date of January 24, 2018, and the list of pending issues before the Town Council. He reviewed the information with the Council.

Mr. Milone talked about the salient issues, things to be discussed, things unresolved, and things in various states of resolution. He cited the need for guidance and direction from the Council on items to be approved or held off to a later date. The information in the memo was compiled from the Town Manager's Goals and Objectives, discussion on recent issues, and things to be revisited in the capital budget.

Memo - Page 2, Item III – Capital Budget Adoption Open Items

Sidewalk Appropriation – there was \$200,000 in unobligated funds for sidewalks; there is no appropriation in this year's budget for sidewalks. Mr. Noewatne and Mr. Gancarz earmarked this money for a number of sidewalks which are almost completed. There is no funding now in place for sidewalk repairs; there is \$100,000 for Lanyon Drive sidewalks, which money can be re-designated for general sidewalk projects. In Town, there are sidewalks with gaps and these pose a safety concern. For emergencies, Mr. Noewatne can take money from the PW Dept. operating budget.

Under the revised Town Charter, the Council has 13 more days to adopt the operating budget this year...the date was moved from April 17th to April 30th. This allows the Council with time for more policy consideration, looking at loose items from the capital budget.

With the PW Dept. use of the \$200,000 there is no sidewalk appropriation in the capital budget. Mr. Milone will provide a list of where this funding was used. When the money was appropriated, it was for general sidewalk repairs and extension; it was not a site specific sidewalk appropriation; there could be some money left in the appropriation.

Mr. Milone will give the Council a list of the sidewalk safety gaps (i.e. Ward Lane), and identify where there are other sidewalk issues.

Mr. Milone informed the Council that with the new Town Charter the public hearing deadline for the budget was changed to March 24th (from April 7th). The Council can have a second public hearing with more time in between the first and second hearings.

Mixville Pavilion Reconstruction – This is not a capital budget item, although it was discussed during the capital budget process. Mr. Milone said there is a section of the pavilion that was demolished for safety purposes. He has asked Director Medeiros to look at programming and the importance of use of this facility for summer programs. It is possible to get through the summer without using this part of the pavilion. The reconstruction of the pavilion is a \$70,000 project, and it had been used for storage and by the kids in the program on rainy days. The Council was told that Director Medeiros is going through all the recreation programs and will make an evaluation and determination on whether some should be continued.

Lanyon Dr. Sidewalk Project and Pedestrian Bridge – CHS to Linear Trail

The cost of the bridge was estimated at \$268,000. Mr. Bowman looked at the State construction of the walkway behind Dalton Enterprises, the amount of money being spent, the method being used...driving pylons etc. He is not looking at anything like this for the pedestrian bridge. Any project can be over-designed and blown out to be more expensive, with a simple solution becoming complicated and complex so that it is not a possibility. More details are needed and possible ways to accomplish this bridge.

Mr. Milone stated that this construction would have to meet all State standards, and could include the Army Corp of Engineers involvement.

Having heard this, Mr. Bowman said that #4 the Pedestrian Bridge should be eliminated from the project list.

Advance Approved Capital Projects – Most of these projects are already done; some items were referred to the Public Building Commission (PBC); the bid is out for the community pool bleachers and pads; quotes were received on both; bleachers came in below cost; within a week or two there will be an announcement on the bids, and time line for installation. Mr. Milone advised that Ms. Adams understands the importance of the user groups being comfortable with what is done at the pool. He is uncertain if the user groups were involved in writing the specifications. Ms. Adams had a good sense of what the users wanted. The plan was for her and Mr. Medeiros to meet with the user groups, show them the bids, for them to be involved in this project.

Linear Trail Parking - The Council was informed by Mr. Milone that Mr. Sitko is pursuing acquisitions of property on West Main Street for expansion of parking for the Linear Trail. The appropriation is \$400,000, and this is moving forward.

Chapman Property Consultant – There is money in the capital planning account, \$220,000 for the time when the Council decides on an RFP to hire a consultant.

It was recommended by Mr. Slocum that this matter go to the Planning Committee.

Mr. Bowman stated this can be taken care of now with a consensus of the Council.

According to Mr. Milone, there was a meeting held by Mr. Noewatne with the Stonegate HOA President Kevin Wetmore about the Chapman property. The HOA had concerns about safety etc. Their concerns were satisfied, and a small fence will be installed. The large blocks on the property will be removed from the front of the site.

Regarding the consultant, Ms. Flynn-Harris asked why it is premature to have a consultant on board to begin looking at ideas.

Mr. Bowman said there is a need to know about parking moving over to the high school, kids with danger of crossing Route 10, interruption of the lights, and the need to blend into the master plan of the school. He is not comfortable advancing with a consultant until the Council has a better idea of what it wants to do.

It was stated by Ms. Flynn-Harris that many people have come forward wanting an acre of the property, and the public wants to see what is being done with the property. There is already the idea of a temporary walk path, and people question this when we already have the trail. She said the consultant would have ideas, reach out to groups on what is being done, and the Town would be proactive to look at the property.

Mr. Bowman talked about the Parks and Rec people taking the initiative from a recreation perspective. He said a consultant should have an idea/recommendations from the Council on use of the property. When this matter went to referendum, the Council made suggestions/promises, and until there is time to look back at them, get Park and Rec input, and find out if there is attraction to hire a consultant. At this point, he sees no need to hire a consultant just to answer questions from veterans, the arts community about an amphi-theater and others.

Chairman Oris said the Town Council should be talking about some ideas it has. It was clear with the referendum with the public informed there was no plan, and no promises were made.

Stating her agreement that the Council needs to have a plan and prioritize the problems, Ms. Nichols said there is a need to do as much as can be done with as little money as possible. There must be communication with the public, and provide direction and support to the ideas of the public. There is no need to rush into this, and the Council must take time and look at things mid-year or next year. She noted the Parks and Rec Department, BOE and Town all have a stake in how this property will be used.

Mr. Veleber commented on it being clear to the public that there was no definitive time frame on how the property would be developed or turned into something...and this could be next year or a few years out. He commented on it taking a long time to develop Bartlem Park into what is there today, and not rushing to develop the Chapman property. Mr. Veleber said department heads should weigh in on the issue before hiring a consultant.

It was stated by Chairman Oris that there should be future planning, some conversation about what will happen with this property, and he does not believe a consultant is immediately needed. \$3 million was spent to acquire this piece of property, and he said its use should be addressed, at some point.

Ms. Flynn-Harris said department heads, Park and Rec, Arts Place, should be reminded to keep thinking about this property and submit ideas for its use.

Mr. Talbot said there must be some planning involved, such as the temporary walking trail...and after a few years, before the site is developed, it could be assumed to be permanent. He noted it will take several years with ultimate planning to get the property where the Town wants it to be, and then decide how sections of the site will be used.

Regarding the walking path, Mr. Milone informed the Council that engineers have been out to the property. There is a good idea of the layout, use of materials, small fencing etc. and it is a few months out before any construction is undertaken. Mr. Milone noted the point was made about public involvement in the planning process of the property.

III - B. Policies Recommendations Pending

Land Acquisition – there has been discussion about a formalized policy for land acquisition and maintenance of Town owned properties, before opening up the land for passive recreation.

Open Space Management – Town staff (Ms. Simone, Police and Public Works Departments) have opened up passive recreation areas, with maintenance of public safety of the facilities. The Town Council must codify the management plans, and a strategy to review land acquisition and purchase of land.

Pond Dredging and Water Main Installation – Some recommendations were developed and are being followed for these two projects. Mr. Milone has not supported extension of water mains due to costs, and it is the same for pond dredging. He said it would be good for the Council to formally embrace these two issues.

Chairman Oris noted the Council did not want a formal policy for pond dredging. He asked if Mr. Milone is suggesting a policy to “not dredge ponds” or do nothing because the Town is not dredging ponds.

There is continuing pressure from residents to have their ponds dredged, and Mr. Milone said, in the absence of something written, it comes before the Council. There is a moratorium on pond dredging. In the absence of not having a statement right now, the Town does not have a way to react to a taxpayer demand to dredge their pond. So, the matter is brought to the Council.

In the instance of the last pond dredging request, Mr. Oris noted that Town Engineer Gancarz gave compelling information about the Town no longer using sand for many years, and is not responsible for what is going into resident's ponds. He said this more than supports the Town's defense for not dredging ponds.

Mr. Oris asked if sand comes into his pond from the Town of Prospect, is this a Cheshire problem.

Mr. Bowman commented on the water sheds above Cheshire with sand coming into the Town, into Mixville Pond and the Ten Mile River. The Town has notified Prospect about this issue and they have not been responsive.

IV. Miscellaneous

Arnett Muldrow Economic Development Report – A committee has been formed with staff, EDC, PZC, Councilors Oris and Flynn-Harris; it meets monthly; progress has been made over the past four months; Town Planner Voelker has proposed revised regulations for the I-10 corridor and I-C zone.

Mr. Oris explained the committee gets together to discuss how to move the report recommendations forward. The group talks about the TIF issue, which is something the Council would control; PZC controls zoning changes; the group is working on the idea of a floating zone or something similar that could work. The EDC will be coming before the Council with a request to hire a consultant to advance the recommendations in the report. Mr. Oris hopes for dialogue on the report, and pieces which the community can advance.

Mr. Milone reported there is movement, and the Regional Water Authority (RWA) is willing to partner with Cheshire on design and permitting study and cost of consultant. The West Main Streetscape area is an identified area to advance quality of this area and village concept, along with acquisition of property for the trail parking lot.

Regarding the water main installation, Mr. Milone advised there is a separate study for recommendations. There will be a process for design and permitting, and this could take up to a year, and another year before water would be extended.

According to Mr. Oris the RWA is not doing enough, and he said the burden should not be on the Cheshire taxpayers. RWA should be pushed harder for funding to advance water utilities.

The design and permitting cost is about \$250,000, shared by Town and RWA. Mr. Oris asked Mr. Slocum and Mr. Borowy (Cheshire RWA reps) to be more involved with the issue of bringing water to the Town.

School Facilities Plan – A debt analysis will be done by Mr. Milone and Mr. Jaskot, and a number must be built in for school enhancements.

Ice Skating Rink – operational; opening ceremony event last week; and the rink is being used on a regular basis. At the ceremony, Mrs. Schena was honored and thanked for the Schena family donation.

Half Marathon Meeting – There have been questions and concerns about this event, and the request by the sponsors to hold a full marathon in Cheshire. They redesigned the race course after Mr. Milone put together a list of concerns. Another meeting will be held in the next few weeks with the race director and some board members.

Mr. Oris informed everyone there was a meeting with Bill Costello prior to the Council meeting. Mr. Costello said he would reach out to Town Manager Milone. The one-half marathon race will take place in April.

Police Labor Contract – Mr. Milone hopes to have the contract to Council in February.

Ball & Socket Arts Project – the organization is close to agreement on the \$750,000 remediation grant.

Town Attorney Appointment – this needs to be addressed by the Council.

Clerk of the Council Contract – this contract expires on February 28th.

Volunteer Firefighters Staffing Issue – there is difficulty with staffing issues and recruitment of volunteer firefighters and response to fires. Mr. Milone is working with Chief Casner and CFD staff to enhance the number of firefighters.

Linear Trail Extension – more planning and promises for people living along the trail for additional landscaping; the estimated cost is \$20,000 to \$40,000; and possible murals on the West Main Street section of the trail.

Review and Update of non-union classification plan – In June the Council will revisit this plan. Mr. Milone said it may be time to do another study on the reclassifications.

Automated Trash Collection Initiative – The contract with the current hauler expires in 1.5 years, with the hauler wanting to extend the contract. To accomplish automated trash collection there must be significant economic advantages to the Town. This matter will come before the Solid Waste Committee and full Town Council. There is

\$450,000 in the capital budget for purchase of containers next year; the Town can purchase the containers; or acquisition of containers will be rolled into the contract.

Town Council Committees/Pending Issues – Mr. Milone thanked the Council for the work being done on pending committee issues, and moving matters along, with progress made on many issues.

4. DISCUSSION RE: F.Y. 2018-2019 PRE-BUDGET PLANNING.

Memo, Page 1

I. Operating Budget Freeze, F.Y. '18

A. Review and adequacy of budget balancing plan - Mr. Milone reviewed the status of the current year's budget. The State cut Cheshire by almost \$1M about a month ago; the surplus is about \$89,000, after factoring in collections which exceed budget amount and some other identified revenue items.

Snow and Ice budget in the PW Department has a balance of about \$50,000. The original appropriation was \$320,000. Due to the storms happening over holidays, crews were paid double time.

Phase 1 Steps – with expenditure savings and revenue increases the cumulative projected surplus is \$1,876,310.

General Government is 30% of the operating budget, with committed savings of \$590,000.

Board of Education (BOE) is 70% of the operating budget, with committed savings of \$484,215.

Mr. Milone will check with BOE representatives about a more even split on the savings and revenue to address the current budget situation.

B. Process for review and consideration for filling critical vacancies.

Mr. Milone referenced his past discussions with the Council about “selective hiring” of part-time employees for the Library (Pages), Town Clerk vacancy, Pool Attendants and Lifeguards, Parks Division (summer college kids and Program Supervisor) and Public Works Dept. With these part-time hires they work 5 to 15 hours a week; there are no benefits; and the positions can be terminated, if necessary. There is no ability to utilize permanent full-time employees to transfer and fill in for these part-time positions. Mr. Milone emphasized that hiring these part-time employees will not cut into the savings.

Mr. Oris wants to be cautious in bringing people back, even part-time staff. He wants to see why there is a need for these positions to be re-hired. He questioned hiring more

lifeguards, whether anyone is at risk at the pool, and if not, why the need to hire more lifeguards.

It was explained by Mr. Milone that if a lifeguard leaves the pool employment, there is a need to fill the vacancy so Ms. Adams has sufficient number of lifeguards during pool operating hours. The positions to be re-filled are open because of vacancies; no work hours are being added; there is no cutting into the savings; and there will be no additional staff head count.

The Council agreed to Town Manager Milone having the avenue to hire the needed part-time employees as stated in the various Town departments.

Chairman Oris advised Mr. Milone that the "hiring" is a budget issue to come before the Budget Committee.

C. Adequacy of projected surplus – Mr. Milone said this is holding firm at \$1,876,310; it is being carefully monitored.

Memo 12/8/17, page 2, para. 2 - Mr. Bowman referred to the Campion Ambulance contract and public safety, particularly for a medical evacuation of an obese person with calls for assistance of the Cheshire Fire Department (CPD). He stated that Campion should be calling for their 2nd ambulance for an assist, not the CFD. In that regard, Mr. Bowman asked if there is any reimbursement to the Town for the CFD assistance, and if not, this needs to be addressed in the new contract. His recommendation is for the new contract to have a provider that Campion is mandated to bring in their 2nd car as this is a transport issue for Campion.

Handout – 1/9/2018 F.Y. 2018-2019 Budget Planning - General Information and Potential Options

Page 1 - Unassigned Fund Balance, June 30, 2017 is \$10,091,475; this is 9.47% of the operating budget; it is 1.47% above the 8.00% required balance (+\$1,569,372).

WPCD fund balance is \$1.1M; Community Pool fund balance is \$45,000.

Medical Benefits Trust Fund Balance – Town Government \$1.4M; Dept. of Education \$3.5M.

Unassigned Funds – State DOC Lawsuit Award - \$1,453,607.30.

With regard to the State award funds, Councilor Falk informed the Council that the WPCA is looking to tap into these funds for a new belt press for the treatment plant, at a cost of about \$350,000.

Mr. Milone explained that WPCA used its entire contingency for payment of the asbestos and PCB problems during the plant upgrade project. Only one belt press was able to be purchased. He noted there is \$1M balance in the WPCD account, and the WPCA can tap into this money for the new belt press.

Direct Costs for the DOC Lawsuit – Ms. Talbot reported that legal fees to Murtha Cullina for time and ancillary costs have been paid. She will have detailed information to the Council on expenditures for this lawsuit.

Mr. Ruocco said there was an analysis of debt service reserve for the treatment plant and application of money against debt service. He asked if the \$1.4M is pro-rated.

In response, Mr. Milone said the analysis has been done on how to use money to reduce debt levels for the treatment plant project.

Summary of Budgetary Operations (page 2)

\$11,091,475 Fund Balance, 6/30/17; \$1M committed to FY 2017-2018 budget (\$800,000 and \$200,000 to defray some of the debt service);
Unassigned Fund Balance - \$10,091,475 (9.47% of operating budget).
Surplus derived from tax collection rate above and beyond 99.2% is close to +\$500,000 taxes collected and is closer to 99.7% rate.

The last fiscal year there was a large surplus on the expenditure side; C.N.R. \$250,000 favorable variance; \$100,000 from refunded bonds (2016); rest of the funds were between CPD and PW vacancies and holding back on construction etc.

The fund balance policy suggests maintaining an 8% level; this year we want to finish with \$1M surplus to replenish the \$1M used to balance this year's budget. The BOE did cut back on some funding, and held accounts to about 60%.

FY 2019 Budget Pre-Planning Revenue/Estimated Revisions (page 3)

Total State cuts of \$666,644; next year's assumption of potential increases totals \$932,994 (investment income, education tuition, grand list growth).

The grand list has grown by about \$19.9M; based on current collection rate will this generate about \$630,994 in tax revenue; total estimated revenue increase of \$266,350.

Estimated FY 2019 Total Revenues -\$108,894,999. This is the starting point for all revenues to which all expenditure estimates will be compared.

Handout F.Y. 2018-2019 Revenue Budget Analysis (State Grants) Holdback Budget November 17, 2017.

State Aid Revisions/hold backs of \$666,644; \$1.9M was the actual holdback; when the budget was first adopted the Town had \$343,000 more than was appropriated. This is a

two year budget, and the State adopted F.Y. 2019 is what was proposed for next year...\$930,000 more than what the Town is assuming in revenue. Mr. Milone does not know what will happen, but his hope is that it will not be as bad as the \$666,644 being looked at now. This is where we are now, and this is where the Town is moving from. The State has not gone into the second year and reduced those amounts yet...but they probably will.

With regard to the grand list growth and projections, Mr. Bowman asked if there are any taxpayers on various tax deferred programs who will now be paying taxes.

Mr. Jaskot advised that the Town had three of those agreements as of June 30, 2017, with about \$60,000 in taxes being abated. There could be one coming off, and another coming onto the program. Mr. Jaskot cited the "Defense Zone" as another type of abatement agreement with EDAC Technology. It is a five year agreement; it is in year #4; the Town absorbs \$120,000 a year abatement.

The Town received notice that Marbridge Home plans to begin construction of its \$12M to \$14M project this spring. Also, the medical office building on South Main Street will be built and be on the grand list next year.

Handout – 1/9/2018 F.Y. 2018-2019 Budget Planning - General Information and Potential Options (page 4)

Budget Components Fiscal Options – there are five scenarios of increases of 1.50% to 2.50%. Education and General Government numbers increase by these percentage amounts. Debt Service is carried across. C.N.R. at \$1.1M and Contingency at \$125,000 do not change.

There are some suggested changes to debt service which is spiking so much, which is putting a burden on the budget. The suggested changes show how to defray this cost, using some of the State settlement money and some C.N.R. to reduce the debt service number.

B – represents estimated revenues from Page 3.

C – is the difference between projected expenditures in each scenario (1.50% to 2.50%)

D – Value in Mills. One mill generates \$2,718,498. At 2.50% the mill rate would increase by 0.89 mills, \$2,412,088. At 1.50% the mill rate would increase by .52 mills, \$1,403,969.

Page 5 – illustrates the impact on the average taxpayer (mill rate increase from 1.50 to 0.40). At 2.5% the mill rate increases by 0.89 mills to 32.83 mills; this generates \$2,419,463. Under this scenario, the average taxpayer with assessed value of real estate and two motor vehicles would pay \$7,631...and is currently paying \$7,424 taxes; this is an increase of \$207, or 2.79%.

The far right column on this page shows the mill rate increase history for the past 10 years (percentage and dollar increase).

Page 6 – FY 2019 Budget Projections –

Education – FY 18 Adopted Budget - \$70,126,288; FY 19 projected is \$71,760,231.

General Government – FY 18 Adopted Budget - \$30,685,578; FY 19 projected budget is \$31,560,116.

Mill rate percentage increase of 6.26%; 2.00 mill rate increase; debt service is the major cost driver.

Page 7 – Projected Debt Service Analysis

- (1) existing debt; no bonds this year.
- (2) debt for projects, not bonded yet, and recent capital plan projects.
- (3) projected debt for these projects; total projected debt over the next ten (10) years; \$10,166,351.
- (4) use of various debt reserves; have been using some of the debt reserve, C.N.R. and WPCD funds.

Sewer Use rate charges for commercial/industrial users have been implemented, with information to users prior to the billing on the rate increase. The bills are out, with no complaints from users. The prison bill increased by \$200,000 and payment has been received.

Page 8 – Debt Analysis/Utilization of Additional Reserves

Mr. Milone noted that debt increases by \$708,000 next year. This fiscal year much reserve money was used in this year to keep the budget low, it created a bigger spike between this year and next year.

Debt Total - \$7.299M in FY'19; \$1.453M of the State award funds is spread out over five (5) years to create a moderate debt increase in each year. Year #1 - \$350,000; and years 2 to 5 use \$250,000 or \$300,000. There is assignment of \$100,000 from the General Fund and WPCD fund in each year, and some C.N.R. funds committed to pay debt service. This plan brings the debt service increase down by \$550,000 this year and moderate increases in the next four (4) years. The Town will bear the brunt of the treatment plant \$32M debt increase.

Mr. Milone requested guidelines from the Town Council as things move forward.

It was noted by Ms. Flynn-Harris that the BOE projected budget is \$72.1M, and the BOE Finance Committee reduced this budget number by \$400,000.

With regard to the mill rate increase, Chairman Oris cannot see supporting anything higher than a 2.50% increase. The question is how far down the Council can go from there without impacting Town services. He commented on the grand list growth as positive.

5. ADJOURNMENT

MOTION by Mr. Bowman; seconded by Mr. Slocum

MOVED To adjourn the special meeting at 8:55 p.m.

VOTE The motion passed unanimously by those present.

Attest:

Marilyn W. Milton, Clerk