

Board of Finance 04/08/2013 Public Hearing Minutes
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TOWN OF AVON
BOARD OF FINANCE PUBLIC HEARING
MONDAY - APRIL 8, 2013 - 7:00 P.M.
MINUTES

1. CHAIR, BOARD OF FINANCE: Thomas Harrison

a. Preside and convenes meeting at 7:07 pm

b. Leads Audience in Pledge of Allegiance to the Flag

Thomas Harrison: This is the Public Hearing on the Budget for fiscal 2013-2014. I'd like to thank all of you for coming. I am looking forward to a very productive discussion tonight among all of us. The first thing we do is the Pledge of Allegiance, so I ask you all to stand please.

c. Advises the audience of the order of presentation tonight

Thomas Harrison: Thank you. Most of you have probably been to these meetings before, but in case there are some new faces here, I'll go over the outline of the process. The process here will be we alternate each year between the Council and the Board of Education. This year the Council will go first, and I'll call on Mark Zacchio to present the Council's Budget. We have slides, the lights will dim.

Following that the Board of Education will make its Budget presentation, with the same process. Then after that, our board will provide a short presentation just concerning the money and where it comes from and where it goes. What I would like to do first, to put all of this in context, is to give a very brief report. We are always talking about budgets, we're always talking about the budget going forward, and we never really tell anybody what's happened to the previous budget. How did we do on that? This concerns the budget for the fiscal year end June 30, 2012. It is not the current budget we are in now. That budget was about seventy-nine million dollars. On spending and revenue estimates, we did extremely well. We did not have any shortfalls, everything matched. Some individual sub accounts were a little bit over, some, a little bit under spent, but, the revenue estimates were very solid. So we finished that fiscal year right on target. We actually had a little money left over for the surplus. We did not have to draw down the surplus at all. The seventy-nine million dollars came in as expected, was spent as expected and we matched perfectly. When everything was done after the close of the fiscal year, all the reconciliations of the books, the review from the outside independent auditors who have to come in by law; we had about five hundred and twenty five thousand dollars left over for surplus.

That's five hundred and twenty five thousand dollars out of a seventy-nine million dollars budget. It's less than 1%. 0.6% of the budget is left over for surplus. That goes into General Fund Unassigned Fund Balance. There is money that is reserved for specific purposes in specific accounts, but "The Surplus", the one that people talk about in general terms is called General Fund Unassigned Fund Balance. It is not assigned to any specific purpose. That term comes from the government accounting standards.

We have averaged over last seven fiscal years a surplus of four hundred and thirty five thousand dollars. Two years we had to draw down, we had deficits at the end of the fiscal year. That's when the economic crisis was really heating up. Five of the seven years, we have had surpluses, and the average has been four hundred and thirty five thousand dollars. As of June 30th the unassigned surplus constituted 8.42% of the expenditures. The Town Council several years ago passed a resolution setting a goal to get that surplus over a period of time, not a fixed time table, to 10% of expenditures.

Currently, we are at 8.43%, very close to it. It's not a problem in terms of the rating agencies. Last October, when we were getting ready to issue bonds for the library expansion, we had to undergo a review by Standard & Poor's and Moody's. Both of those confirmed our AAA credit rating. So they are very comfortable with the surplus at 8.42%. So that's the report, I said it would be brief.

2. CHAIR, BOARD OF FINANCE: Thomas Harrison

Calls on Chair, Town Council to present the proposed Town Council, Sewer, Debt Service and Capital Improvement Budget for FY 2013/2014

What I would like to do now is call on Mark Zacchio to present the Town Council's budget, the slides.

3. CHAIR, TOWN COUNCIL: Mark Zacchio

Presents the Town Council, Sewer, Debt Service and Capital Improvement Budget for FY 2013/2014

Good evening everybody. Welcome everybody; it's a nice evening out there. It's good to see you. At least we have a decent turnout of people interested in hearing what we planned in the budget this year, stalking the first warm night of spring, so thank you for being here. I would like to recognize the council that's here tonight; Pam Samuel, Chris May, Doug Evans and David Pena who worked on putting this budget together as well. As our mission statement hasn't changed over the years, and our focus really hasn't changed in our budget development process, historically the Council is always focused on Social Services and the Police and Fire Departments from a public safety perspective in developing the budget. Then within the Capital budget, although Tom mentioned that I'm here to present the Town's operating side, I'll also be presenting the Capital Budget which includes both the town infrastructure needs as well as the Board of Education's infrastructure needs all in one budget. (slide 3) So the activities that are funded by the operating budget are the General Government, that's the Town Manager and his staff, the offices; Public Safety which of course is the Fire Department, the Police Department; Public Works which is mostly the roads, the paving projects; Parks and Recreation and you can see the other ones there. As it breaks down, Public Safety is about 43% of the total budget; Public Works about 24% and General Government coming in around 14%.

(slide 4) Our mission objectives really haven't changed a lot from last year. We want to retain the core services that we have. There's a slide later in the presentation that shows how the population has grown over the last four decades and how the operating staff has kept pace with that on a very consistent basis. That's maintaining the public safety, of course, and the Social Services. Funding long-term liabilities, most of that falls into the old required pension plans. That's for employees who started with the Town of Avon prior to 1996 (Brandon, is that correct? Brandon Robertson states that it is 1997), excuse me, 1997, were in the old traditional DB plan. For those of you who don't know, the Town of Avon does not off a traditional DB plan as most Municipalities do. We offer a traditional 401K, where the employee and the Town both make contributions. It is portable and within the employees control a little bit more than defined benefit. We also actively manage our personnel resources; I'll talk a little bit more about how that works later in the presentation. And this year, really try to increase our CIP funding. As many of you are aware if you drive around Avon, our infrastructure needs over the last few years have been sporadic, and we're trying to keep pace with that.

(slide 5) So within this budget on the town operating side we are requesting a \$788,879 increase. That represents a 3.93% spending increase. But that's not actually the tax increase amount that you'll have to fund. The sewers are 3.13%, that's only assessed to those who have sewers in town. Those not on public sewers do not pay that fee and it does not come out of the tax roll. Debt Service, that's really our mortgage. That's our long term obligation, both principal and interest. As old debt service retires, we pay off bills, we pay off projects we've done years ago, it builds capacity for the line item that is fairly consistent year over year. That capacity went down this year by 15%, almost \$700,000. We have shifted that capacity to CIP and I'll explain that when I get to the Capital slide. That's why you see the increase on the CIP of 36% it looks daunting, but a good percentage of that is coming from the capacity index. One other note, The Council and I were talking earlier, from 2008 – 2011 there were clearly difficult economic times for us. It was the CIP budget that generally took the brunt of decreases in our proposed operating budget throughout the years in order to keep a very consistent tax rate and to ease the burden on taxpayers. So the last three years the Council has paid particular attention to CIP as our infrastructure needs continue to be there year after year. This year will surpass on a dollar to dollar

basis what that CIP budget was in 2008 – 2011. Over last three years we have been able to build up the funding within CIP in order to meet the infrastructure needs we have today.

(slide 6) Major budget drivers, certainly we are in challenging economic times. We did have some Grand List growth, that's new money being generated by the Grand List of about .79%, which equates to \$543,000. This offsets any increases that we ask for here tonight. In comparison, our five year average is 3.3%, we're significantly lower than our five year average. Our ten year average is 4.7%. Clearly the economic conditions within the State of Connecticut and the country have an effect on us here in Avon from an economic growth development point. The 2.83% is actually the amount that affects the tax rate, it's the net increase of the request we have tonight. The largest budget drivers are the pension contributions to post employees of \$198,703, if you add that to the other post-employment benefits funding, which is the retiree health portion of our retirees, which takes up \$340,000 of the \$796,000 we are requesting here tonight. The rest of that is taken up by salaries and wages, we are a service organization, and that's where about 73% of our budget lies and \$89,000 in increased contractual services.

(slide 7) We are certainly focused on our personnel management over the last five or six years, this year is no different. We definitely take a phased in approach to filling vacancies. One of the vacancies we have today is a Lieutenant retired a few months ago and I'm working with the Chief and the town manager who are looking at that position and whether or not we need to replace it over a period of time or if we can use that head count in a different way. So the Chief is using this as an opportunity to use our new Captain Blatter and Lieutenant Welsh in a different way to see if we can cover that kind of expenditure or if we can't, we'll replace the Lieutenants position later in this budgets fiscal year. We implement both short and long term strategies to manage our costs. That's especially true when we get into contract negotiations, we look to find deals with our unions that help us on a long term basis and give the union some kind of incentive up front that helps them. We have reduced our staffing when there is turnover. We have contacted out from a cost containment perspective where contracting services made more sense for us. We ensure that we have competitive pay benefits when we do our negotiations.

(slide 8) This slide depicts that last four decades. The blue lines are the population growth in Avon since 1970 all the way through 2010. If you keep pace with that, the yellow block is the number of employees that we have in the town to support the citizens that live here. We have kept a very consistent FTE ratio of .5% against the general population. That's been very deliberate. A good example is the capacity we are finding now in debt service we are using that in capital items, which are one year items. Resisting the temptation and really trying to make sure we don't develop a need for more staffing just because we have extra dollars sitting there.

(slide 9) Debt service equates to long term projects that we have that we are making principal and interest payments on. This includes the library, all the school infrastructure projects we've had, the building we're standing in and others. So over this period of time we pay off principal and interest over time just like you would a mortgage. In 2013, the line to the far left, a little over 4.5 million dollars, you can see in 2014 we have a fairly significant drop off there. We traditionally use those dollars to reinvest back into our infrastructure. In one year bond interest and capital, but certainly that money is available to us should we have another bonding issue or any infrastructure needs we have in town.

(slide 10) Capital Improvement Projects include both the Board of Education requests and well as the Town requests. You'll notice that the road improvement program has a little over \$600,000 in it, that's significantly higher than we have been able to fund in the past. For those of you who drive around Avon, you realize we have some infrastructure needs with our roads and we certainly intend with this budget to be able to make some real strong headway in our pavement management plan. We are also preparing a grant request to the State of Connecticut which is due near the end of this month that has gone out to the Capital Region towns for paving and infrastructure projects. We intend to submit a grant to pave Country Club Road from Old Farms all the way to Lovely Street, and if we don't get enough funding, West Avon Road to Lovely Street there's clearly some need for patching, and we'd

like to go ahead and pave that entire section if we get the grant from the state. Moving to the Board of Education related items, one of the largest items we did not anticipate when developing this budget in the earlier part of the fall, was school related security issues. Clearly the events in Newtown gave us cause for concern for our own security and gave us a renewed sense to look at our schools and our campus's and determine what is best for the town of Avon in terms of improving security. Gary Mala, our Superintendent, Brandon Robertson along with their staff, including the police department, our emergency services folks, all got into a room and decided what might be the best approach for our schools as well as our town offices. They also attended a summit at the state level with leaders from around the country to discuss best practices. The end result of that was about \$240,000 worth of requests from the Board of Education for school related improvements which include exterior door alarm systems, enunciator panels in all schools, primary locking hardware in all classrooms, entrance and exit video surveillance, and replacement of the district wide radio system. There are a few other items in there that relate to the school and the town, one in particular that I want to mention is the replacement of the 1993 Michigan loader. I'd like to say in the past the Board of Education and the town worked well together, today, I wouldn't say that – I'd just say we are one unit. We anticipate needs of one another and work together to determine how to solve for problems that is in the best interest of the whole town and the whole community. This loader doesn't seem like it is one of those items, but let me explain. The Board of Education has a need, clearly after the winter we had this year, for larger trucks in order to clear parking lots. The town has a need for a loader because we have one loader in Avon that really is the back bone of the Public Works operation. So instead of buying a large truck that would not have been as versatile as a mid-size truck, we chose to take our capital budget and combine those resources. We expect to buy a new loader and a push plow that is capable of handling the parking lots at the High School. So the 1993 loader which is still in fairly good condition can be used by the Board of Education to clear their parking lots instead of a big truck and we move to buy a mid-sized truck for the Board of Education that they will have more versatility with. A few other items in this category that are important are the 2013 reevaluation. We are coming up on the State mandated reevaluation year and need to fund that through the Capital Budget. There are some other smaller projects in there including an underground storage tank at public works. We are going to fund year one of a fire alarm replacement at Roaring Brook School that we anticipate we will be able to handle next summer. So we'll have some funding in reserve to do that.

(slide 11) Some examples of the Board of Education and the Town working as one unit in best interest of the town of Avon, includes vehicle maintenance, human resource and insurance products, our financial services, our legal services, so we are doing a lot more together and it has turned out to save the town money and has provided a much more consistent product for both the Town and the Board.

(slide 12) So as a wrap up the Town Operating Budget, we are asking for \$788,879, which equates to a 3.93% spending increase on the town side. Along with the Sewer Budget that is fully paid for by the sewer users, the decrease in Debt Service and the large increase in CIP, the net increase is 2.83% and that's what we are asking you to approve at referendum.

(slide 13) As many of you are aware we have a great town website at www.Town.avon.ct.us. Many of you are probably members of it, but it is a great way to get information on what's going on in the Town of Avon. If you go to the town site, there's a link to put in your e-mail address and you can subscribe to any of several topics.

4. CHAIR BOARD OF FINANCE: Thomas Harrison

Calls upon Chair, Board of Education to present the proposed Board of Education Budget for FY 2013/2014

Mr. Harrison thanked Mark for his presentation. And called on Peggy Roell to introduce the Board of Education's presentation of the proposed Board of Education Budget for FY 2013/2014

5. CHAIR, BOARD OF EDUCATION: Peggy Roell

Presents Board of Education Budget for FY 2013/2014

Peggy Roell I want to start out by recognizing the Board of Education members present; Bill Stokesbury, Wendy Howard, Ames Shea, Kathy Zirola, Jay Spivak, and Brian Glenn. She stated that Jeff Bernetich is out of town on business. I also want to introduce our Central Office staff; Gary Mala, Donna Nestler-Rusack and John Spang. For those of you who have been here, the last few years, 2 years ago I introduced Gary Mala saying her had been here 32 days, last year we got up to 13 months, and I'm very excited to say we're now up to years; Thank you Gary. Hopefully most of you know because you have kids in school or seen the correspondence, there is lots of great things going on in our schools. Gary's made a lot of things happen. I would like to personally invite each of you to come and visit our schools and see how your tax dollars are being used. I think you will be very, very impressed. To share some of those things and to let you know about our budget for next year, I'd like to introduce Mr. Mala.

Gary Mala stated let me begin by thanking the members of the elected boards & commissions, and you as residents for allowing me the opportunity to serve you. Most importantly I am deeply indebted to all of you as a community for allowing me the good fortune of servicing your children. This evening I have the distinct pleasure of summarizing the Board of Education's proposed budget. I want to start by reminding you about a year ago we did embark upon a new strategic plan for the public schools. Rather than read that to you, I'm sure you've had an opportunity to review that on line. Let me pause by saying that over the past number of weeks, myself and other members of Central Office staff have taken the opportunity to visit with many of you in smaller groups in the community and entertained your questions. That's really at the soul of this administration, the heart and soul of the administration, our ability to be responsive to you as a community and also to make ourselves accessible to you when you are requesting information. At the foundation of this budget there are a number of items that I would like to point out. One, we sought to incrementally broaden our course offerings at the High School, in particular, our elective offerings. Over the past number of years we have gone through a number of elective changes and we've made a commitment this year to incrementally broaden the experience primarily at our high school level. Second, in keeping with what our research suggests and what our ever changing world suggests we have introduced core language instruction, Kindergarten through grade six and we have also in this budget accounted for increasing time with our Kindergarten students. Additionally, we've sought to maintain our existing class sizes within contractual limits. Many of you folks may not be aware, but, there is a limit on class size that is part of the bargaining agreement. We have been successful in maintaining the class sizes you have been accustomed to seeing as parents and residents. We sought to maintain our commitment to the open choice program. We have committed to third party reviews of major programs, that's something we embarked upon two years ago to ensure we had objective parties looking at every function associated with the school district to ensure its effectiveness and that its being delivered in the most efficient way. As Mark rightly pointed out, we also understand that we are operating in an extraordinary time, unlike anything we've ever seen as a population. We continue to deliver a quality service in the most efficient way. Our proposed budget is based on a projected enrolment of 3322 with a projected magnet school enrollment, where we pay tuition, of 65 students. We have a arithmetic average of a four year dis-enrollment between the eighth grade year and ninth grade of approximately thirty five students. We have a 12% identification rate for students that require special education or related services. The budget also accounts for students being served outside our schools in Avon totaling 30. We have an extraordinary graduation rate of over 99%. That's a testament to you and those that serve your children. The budget does account for a total of 293 certified staff and 208 non-certified staff that are in a variety of different job classifications. Before I get to the financial summary I want to point out some of the challenges. Similar to the Town's budget, we have many things that associate our business with being very labor intensive, and when you look at the total amount that is being proposed for the Board of Education side of this entire budget, you'll notice that 93% of the amount that will affect the tax levy goes to what I have defined as non-

discretionary expenses; that being salaries and the cost of providing health care benefits, the costs associated with transporting our students to and from school and out of our district and back home, tuitions such as magnet schools and those contracted services that we need to maintain on an annual basis. 81% of the total, \$41,029,819 is going to salaries and the cost of providing health care benefits. 64% alone is associated with meeting the salary obligations of collective bargaining agreements in addition to 22 unaffiliated employees who are not a part of organized labor. Budget drivers reflect on how labor intensive our work in the schools is. We continue to experience increases in all insurance lines that continue to outpace any inflation rate index that you can review. Currently we stand at 8.5%. This is a review of the total budget compared to the previous year's budget, the one we are operating in right now. In gross budgeting you include spending for all funds then you also include the spending for federal grants, school lunches and facility usage. Then there is non-tax revenue that is then subtracted from that total leaving an impact on the tax levy of 2.78%. The next slide reflects net current expenditures per pupil within our immediate geographical area. Net current per pupil expenditures for Avon is \$12,918 and the presentation includes slides showing comparisons with other DRG A and DRG B schools. We show DRG A because years ago we were in that DRG. We have sought to maintain the class size Avon is accustomed to while staying within contractual caps. There are no expected changes in class size. There are seven new programs to be offered at the High School with no additional funding requested to support them. Additional funding is requested for existing programs and for two new initiatives; World Language in Grades K-6 and Full Day Kindergarten. The bottom two programs have really drawn most attention. I will quickly point out that if you look at the increase in non-local property tax revenue it's very close to adding up to those two additional programs options. One point, if we are not successful in establishing full day kindergarten this year, we have to add costs back in to the budget. They are listed in the notes section of the presentation at \$112,000 for mid-day bus transportation. We have spoken to families that have opted to have their children enrolled in magnet schools where they do offer full day kindergarten, if somehow it's not offered here, they will enroll their children in magnet schools, thus increasing our tuition exposure. In closing I want to echo what Mark stated very eloquently before, we represent as the Board of Education the single largest department in our community. Our hope is that we are also viewed as the single greatest expenditure. However, we do in fact operate as one community. I personally extend my appreciation again to members of the elected boards, Brandon Robertson, Peggy Colligan, Steve, and staff on the Town side, as we continue to develop our relationships for the benefit of Avon. As we move forward we continue in our commitment to maintaining clear transparent communication and processes. My hope is that you have seen that and we have achieved that. We are committed to providing rigorous comprehensive innovative programs to our children so they continue to be competitive in the global marketplace; the world that we can't define what it will be, frankly, as we are gathered here this evening. We are committed to meeting the needs of all students within the national, state and local requirements. I urge you to become active and talk to our State level Representatives for some relief on the mandates that are imposed on systems such as schools and municipalities. We are committed to continuously improving through a systematic assessment every action and outcome that you hold us responsible to deliver. We are using third parties to assist in that process. We are committed to using all of our resources, again, efficiently and effectively to the greatest advantage of our children. I close by expressing my appreciation for not only the opportunity to serve you and your children but to work collaboratively and cooperatively with our elected boards and you as a community.

6. CHAIR, BOARD OF FINANCE: Thomas Harrison

Presents Board of Finance Overview

Thomas Harrison: Thank you Mark and Gary. I think both presentations emphasized something that is really taking hold here in town over the last several years. There is a tremendous increase in the level of cooperation and communication among all three boards. That is the way it should be, it hasn't always worked as well as we would have liked, but the last two years, it's here and it's happening and it's

saving all of us a lot of money. The Board of Finance will present now a little about “Show me the money” part of the presentation. We’ve heard some very good discussions about where the spending side of this will go, so now were going to talk a little bit about the money.

(slide 2) You have seen this summary before. I would like you all to focus on this number, 2.60%. That is the percentage of the mill rate increase, the tax rate increase, that will be required if these budgets are recommended and approved by the voters. I asked Peg Colligan to check back on that to see if we have ever seen numbers like this before. At least for the era of our referendums that began in 1999, this is the lowest ever tax increase percentage brought before the public hearing. We have only had one other one that was below 3%, 2.9 something percent. Every other one has been in the 3’s, 4’s or 5’s. I can’t really speak for what went on in the years before the referendum, but certainly since then you and we have never seen a tax increase at this number. I think in one way that is a direct result of the cooperation we have seen among the Boards. I think it is also realism. These budgets are very, very realistic. In considering the overall economic situation, both slide presentations talked about the awareness of that. I think it is very encouraging for us to see that emphasis on developing budgets that do the job, but are also very realistic. As I go through the rest of the slides, keep that 2.6% number in mind, it’s a tremendously positive change for the town.

(slide 3) This is how we get to the 2.6%, you’ve seen this one before in past years, but let’s go through it. The total dollar amount the Boards are requesting for spending from all sources of funds, total spending, is \$81,760,417. The first thing we do is look at all the non-property tax sources of revenue which is about \$10,993,755. That gets us down to \$70,766,662. Now we have a little bit of Grand List growth, not much - \$543,289. As I think Mark mentioned earlier, for many years this number was in the millions, three to four million per year. We are not getting that any more, nor are we likely to. In the fall we asked the Assessor and the Town Planner to sit down together and come up with a five year outlook for expected Grand List growth. Their best estimate is that we should expect about a 0.75% growth rate per year for each of the next five years. This year is just at .79%, very near the estimate. Grand list growth will not be a good controlled source of new revenue going forward. That brings us to \$68,980,235 that we need to raise through the property tax. It is an increase of \$1,786,427 over last year and that’s how we get to the 2.60%.

(slide 4) Now, where does it come from? Non-property tax revenue, we had a good increase in that this year of 6.81%, that was a result of some good scrounging around and looking for monies that might be out there. In the other areas there were some changes year to year but the bottom line keeps coming back to that 2.6%.

(slide 5) You’ve seen this graphic before as well, but this is what we are here to do. We have to balance the spending requests with your ability and willingness to pay for that spending. That’s one of the reasons the Board of Finance is here, to come up with that balancing. I think that the fact that the other two Boards are working so well together has really eased that balancing act. They have done a lot of our work for us already. We don’t have budgets being developed in vacuums, they are really working together.

(slide 6) Towns in Connecticut, in our system, don’t have a lot of options to raise money. We don’t have a local income tax or sales tax as some of our neighboring states do.

(slide 7) All we have are the non-property tax and the property tax.

(slide 8) Let’s first talk about the non-property tax sources. It’s an increase this year. It is expected to be about 13.33% of revenues if this budget goes forward as is. The property tax side, even though it is going up, because of the slight increase in non-property tax, we drop below 87%. Still high compared to many towns. You may have read in the papers where the Governor is proposing to significantly reduce our source of income that comes from the tax on automobiles, I don’t think that is going to pass. I think our property tax sources are holding up pretty well.

(slide 9) Let’s look at the non-property portion first. There are four basic categories where that revenue comes from. The biggest single one is Charges for Current Services. That’s user fees. It includes things

like landfill permits, pool passes, parking at the schools, cafeteria fees at the schools and pay to pay. It makes up almost 45% of non-property revenues. The second biggest area is Intergovernmental. This is grants. Most are State grants and there is some small balance of Federal grants. The other category is a catch all for things like interest income – when a property tax bill is paid in July, we don't spend it all at once, we invest it and earn interest on it. It has dropped for the current year to reflect current interest rates.

(slide 10) Property tax is also made up of several categories. The single family residences make up almost 78% of the revenue base. 11% comes from commercial properties and motor vehicles account for 6%, personal property (furniture & fixtures in commercial buildings) accounts for close to 3% and there is always an “other” in every category. Finally various assessments represent about 1% of property tax.

(slide 11) Some of the trends in spending that have stood up. As Gary mentioned in his presentation, the Board of Education portion, it includes not just the Boards operating budget but also those portions of Debt Service and Capital Improvement that covers school related projects. The Board of Education's portion drops slightly to 68.94%. As Gary said it's the single largest chunk of where the spending goes.

(slide 12) This breaks that out. Gary's gross budget is 52,828,986. 2,977,138 for school related debt service, paying off some of the High School improvements and for some of the other schools. Capital programs that Mark discussed in his presentation, the ones that are for the schools, get it up to 56,368,624 for school related spending from all sources or about 69% of the total budget.

(slide 13) The Town breakdown, again, this overlaps some of what Mark said, you can see how much is on the operating budget, 25.5% and so forth so we don't have to spend a lot of time on that.

(slide 14) The Grand List History, you can see it's sort of sinking right before our very eyes. The year 09/10 is the exception it is the year after the reevaluation. Mark mentioned that we will be doing the same thing over this summer. It will make it effective for October 1st of this year. We will use whatever the new Grand List is after the reevaluation a year from now when we are putting together those budgets. So there will probably be a spike, but then we balance everything out, we will still probably end up with the .75% - .80% for the year to year changes. There might be a spike next year, but that is not something we can take to the bank.

(slide 15) The rest of the next couple of charts we will skip through they are just a couple of different things.

(slide 16) Social Security COLA.

(slide 17) Unemployment rate, fortunately this one is going down a little bit, both in terms of percentages and number of residents. But it is still significant, you can see in the past to where we are now. It is still there.

(slide 18) Town comparative data, this one is put together from two perspectives. The State has a formula call the equalized mill rate. It's designed similar to the way the State calculates spending per pupil. They try to get an equalized mill rate so you are comparing apples to apples, town to town. Our mill rate by that approach is 17.59 equalized, that's not the actual mill rate. The only one of our compadres lower throughout these regions is Farmington because they have Westfarms Mall, they have the Marriott Hotel, that office park, so they are lower. Everybody else among are roughly comparable towns has higher equalized mill rates than we do. The other column, Tax Levy per Capita, this is one, however, where we are a little bit bigger than others. We are a little on the high side with that.

(slide 19) How is all of this going to affect you? Once again we have on the town website if you go to www.avonassessor.com, punch in your own address, you can get what it will be specifically for you. If we do the three levels, a house assessed in the 25th percentile, means you're at the bottom of the assessments, remember you are assessed at 70% of the market value. The town in that lower quadrant, if this budget is voted and approved, will see an increase of \$138. That magical, mystical, absolute middle assessment, which means half the assessments are above it and half are below it, that person will get about a \$179. increase. If you are at the upper end, 75th percentile, there's only 25% above it,

you will have a mill rate increase of about \$251. You can check your own at www.avonassessor.com. (slide 20) You see going forward we have to conclude the hearing tonight. We'll meet again on Wednesday, here, and we will then do our consulting with the other boards and every Board of Finance member, we call it the "show and tell". Every one of us says what we are recommending by way of adjustments, if any, and why. Assuming we have a majority, we would vote to recommend a budget that night. That would be put on a referendum that will come up in May. So that's the process.

7. CHAIR, BOARD OF FINANCE: Thomas Harrison

Calls upon the audience for questions and comments on the Town Council, Board of Education and Board of Finance budget presentations

The next steps now will be the opportunity for you to tell us what you think. So I am going to ask the Board of Finance members to pack up and I'll go over the ground rules for the speaking. We will have a microphone here in the center. We will ask that those that wish to speak, please line up against this wall on my left. Steve Bartha will be keeping track of the time. We generally limit speaking to three minutes. We will try to give everyone the chance to be heard once, then you can come back and speak again. Before we get started with that, I'd like to introduce the rest of the Board of Finance; Brian Stoll, Jim Speich, our Secretary and Vice Chairman Tom Gugliotti, Cathy Durdan, Margaret Bratton and Dean Hamilton. I'm not sure if you all know the Town officials; our Town Manager Brandon Robertson, Steve Bartha is very hard worked – over worked, Assistant Town Manager, and the hardest working person who you never want to get on the bad side of because she knows where every dollar is we spend in this town, our Director of Finance Peg Colligan. These are the unsung heroes.

The ground rules for the speaking by order of the public notice, you may not have read it so I'll go over it here. Under the Charter speaking is limited to two broad categories, tax payers and electors. Electors is the easy one, that's if you are registered to vote in the Town of Avon. To be registered to vote you have to be a United State citizen and you have to be at least 18 years of age. So if you are a registered voter, you are in. If you are not a registered voter, there may be some hope. We have an alternative category called a tax payer. Let me be clear so that anybody who wants to speak under that category, you have to be at least 18 years of age, you must be a United States citizen, and this is the key, you have to own property in Avon that has an assessed value of at least \$1000. that was on the Grand List of this past October 1st. You have to fit in either as an elector or a tax payer, when you come up to speak, if you would be kind enough to state your name and your address, or if your speaking as a tax payer give the address of the property you own or if it is a vehicle just tell us what it is.

If you would like to speak, we're here to listen.

Ken Sedlak, 33 Orchard Street: I would like to introduce myself, as I said I am Ken Sedlak, I'm the President of the Avon Volunteer Fire Department. I have a couple of folks with me tonight. We just wanted to address everybody, if we could. Just so you know, the fire department in town is 100% volunteers. We respond to about 600 call on annual basis. Right now we are far behind in our capital improvements. We haven't had the capital improvements since 2002 when we received Ladder 12. Right now we are on deck to get a new fire engine this year, but again that's the first one in over 10 years. Investing in the Avon Fire Department is a long term investment in keeping the Department 100% volunteer. The estimated cost of a paid fire department, offering the same services that we do as volunteer is about nine million dollars per year. That is based on information from the National Volunteer Fire Council. We do have some improvements, and I'll let Chief Trick address those.

Michael Trick, 48 Pine Tree Lane: This evening I want thank first off the Board of Finance for their continued support and the Town Council members who are here. As the president was alluding to, the last purchase of apparatus was 2002, our Ladder truck. Currently the oldest apparatus in the fleet is 1984, Engine 11, Rescue 8 at 1988, Engine 7 is 1989, and Engine 9 is 1993. If this budget is approved, which I recommend, we will get the third portion of the three year Capital Improvement project to purchase a new fire apparatus. I just wanted the public to know, and the Board of Finance, we will continue to be requesting for apparatus improvements over the course of ten years. We are also going to

continue to request support and funding for our participation in the Regional Training Facility that Farmington has initiated. We are also going to be requesting funding for the building of what we are calling the Northwest Fire Station somewhere in the vicinity of St. Matthew's Church. What that is going to do for the Town is take our apparatus out of Secret Lake which is limited by geographic location and by the size of the facility and consolidate our services that we provide to the town for localized and better response to that area.

Mr. Harrison: Chief and your colleague, I would like to thank you and all the Volunteer Fire Department.

Mark Zacchio: I would like to respond there, if you notice in the debt service line, I had said we have room and capacity for any future bonding projects. The Fire Department actually is one of those bonding projects that we would consider in the future. Mike alluded to the Northwest Fire Department, for those of you in the Secret Lake area, you know that the Fire Department there is very small and very antiquated. What the Chief and Ken alluded to was we are buying new fire apparatus. The new fire apparatus today come more in the form of a all in one unit. They are a little bit little larger, but they are able to handle a number of different situations. Versus the old style that's just a ladder or just a pumper or just a emergency vehicle. One of the requirements of the fire trucks is a station that can house them. The Northwest side of Town is one that we have seen exponential growth in and that's where we would target, as Mike said, a Fire Department there in the future and that is included in that bond line that you saw dropping off, it actually includes anticipated spending at some point for a Fire Department Training Facility in the Northwest area.

Peter Buonomo, 574 Country Club Rd: I'm a 25 year resident and thank you for paving my road. I want to congratulate you on the AAA credit rating and the cooperation that I see of the three boards. It makes me a proud resident of Avon. I also am a Fire Service consultant. I've formulated over the last year an intensive study, a feasibility study, of the Avon Fire Department at the request of the Board of Directors for the Avon Fire Department. To give you a couple minutes of what I found is that the entire focus of the study has been on sustainability, keeping our Volunteer Fire departments. As the documents and as the slides shows, as you put Career Fire Fighters in the floor and you have all those fringe benefits, that's when the costs start going up. Right now we are in a critical point, in my findings, of the Avon Fire Department of keeping our volunteers. As Ken and the Chief have stated, the entire focus is on the recruitment and retention of volunteers. This is a community effort; it's not an effort of just the Avon Fire Department. It's an effort of every one of us. Part of that is the recommendations fall into two categories those recommendations of the Avon Fire Department and those recommendations for the leadership of our community. That report is due next week. Avon has a critical need for improvement in capital improvements. The Fire Station needs renovations; we need only look at Farmington and Simsbury. In one fell swoop do the necessary renovations. Consider the initiative of shared a training facility with Farmington. We have to take serious the funding of that project. A relationship with other communities is important. Focus on sharing with surrounding communities, a borderless concept, to provide for our needs in crisis situations. Keep maintaining our facilities. In the rest of country firefighters respond to emergency and medical calls. We have to continue to support our volunteers who support our police department.

Dick Burkett, 40 School Street: I have been a tax payer in Avon for almost forty years. The road I live on, we call the Ho Chi Minh Trail, it's really School Street. We called the town three times, but they don't have the money. It seems like all the money goes to the schools here. We can't fix that road, the top of the road is pretty narrow. When we first moved in there forty years ago it wasn't as bad because we didn't have the traffic we do now coming down that road. Part way down the road we have a really sharp curve. If meet school bus in there on icy day you got a problem. One time we had two scrapes in there by people coming through who couldn't make the corner. One time the UPS truck was coming up, school bus coming down, the UPS truck had to drive down. They keep saying we have no money to fix this road. It seems like the Town is under thumb of the teacher's union. They seem to be dictating

where all the money is going in this town. If the Town keeps going this way we'll end up like Stockton did in California, bankrupt. The Town won't have the money to take care of the rest of the town it all will be in the schools. Then we have other problems they cut down fifty-two schools in Chicago and places there from the budget, so why does Avon just repeat, all the time, increasing their taxes. The time when I moved in I had a bill for my mortgage and for my taxes in one bill, now I don't have the mortgage any more, but I spend three times more for taxes than I did then and I'm still driving on a terrible road. When I first moved here we could go to the landfill for nothing, now you have to pay for the landfill. They used to pick up the brush, now I get no rush pick up, I have to haul it up there and they charge me to do that. The dump used to be open five days a week, now it's open three days a week. So as far as I'm concerned, in all the years I've been living here, taxes have gone up and my benefits have gone down. I tried to put in for veterans, I'm a veteran, and they got the thing so low, \$40,000 for a married couple, you can't live in this town if you are only making \$40,000. We've talked about raising it for years but it's never been raised. I can't get my senior citizen break either; it falls under the same category. The town has never raised it, you know. I don't make enough, but when they put my social security back into my income which over sixty years I paid that social security money, then they call it back my income now. I paid the taxes on that all the time. So I'd like to see the town could maybe put a freeze on older citizens in this town. I don't have any children, never had any children. Some towns have done that they put a freeze on the taxes of the older people.

Marc Suarez, 12 Westland Road: First I wanted to make a really quick plug for the Fire Department. They took the Cub Scouts to that fire station and they really do need that new truck. I'm a proud parent of five children. Four of which next year will be in the school system. We have a three year old, a five year old, a seven year old, a nine year old and a ten year old. We moved to Avon precisely because it has a great school district, it had a reputation for a great school district. We have been pleasantly surprised or satisfied with that decision. It is a great school district. We want to keep it that way. We want to see it improve. I've had my children, because I've moved around a lot, I've had my children registered in four different school districts over the last five years. This is the first that doesn't have full day kindergarten. I was shocked, frankly. I'm more than happy to pay the tax increase to get that and the other services for the school. I think we need it. A lot of the parents support it, some of which could come here tonight, some of which who couldn't. But I for one wanted to voice my support for that, voice my support for getting it on the referendum.

Wendy Fasano, 22 Arlington Drive: I am also here because I also support the full day kindergarten. I have a six year old and a four year old, two little girls. My six year old is currently in kindergarten now, and she is in half day in the afternoon. I don't know if you all understand how short a 2.5 hour day is. They start in playground, usually. But every day they have an activity that's not in the class room. They have Art; they have Gym, Music and Library. So the Teacher has 1.5 hours to teach the kids to read. The kids have to read by the time they start first grade. They have twenty kids in the class. Ms. Hurly, she is a miracle worker, she has forty kids over each day. She has to take these twenty kids, get out of their snow clothes. They barely have 1.5 hours, they have to have a snack, and they have to fit so much in 1.5 hours of the day. There's not a lot of time to teach twenty kids to read. I love the program I send my daughter to, but I pay to send her two additional days a week, kindergarten enrichment so that she can get in the time that she needs. I fully support the full day kindergarten, languages and all the other things in the school.

Robin Schwartz, 88 Harris Road: First I would like to say how glad I am to hear everybody's community spirit committed to the boards working together, that's really great. So I was thinking as some of the words came up in the presentation, like innovative, and I remember, I'm sure you all reminisce with your grand parents and parents and spouses like in the realm of who would have thought. Who would have thought we would make grocery bags out of used bottles. Who would have thought that in the old days that we would land on the moon. Who would have thought that we would use robotics to do laboratory tests and surgery. So being in science, many of the things you said tonight

really resonated with me in terms of some of the innovations. I like that philosophy. I like what I hear; rigorous, comprehensive, innovative this year. That's really exciting. I also like the idea of learning without limits in the academic and in the creative curriculums. So I'm liking what I am hearing there too. I think we all can benefit when the community support these goals as a whole and we support what are schools are doing. We broaden our children's education. So, I like what I saw. I like the idea of world language and I like the idea of full day kindergarten. Also in the realm of who would have thought, who would have thought that we would be looking at some of the security issues that we are looking at, things that happened just less than an hour out our doorway. So, I think our community has really come together in many ways over the past year in the October storm and our February blizzard. I absolutely agree that there are safety issues in terms of our roads and our Fire Department, so I really want to support that as well. I really feel that the modest increase this year is something that is going to be very easy for me to vote for. I hope that you will present this budget to the Town for a vote without making any reductions.

Shelly Perron, 37 Tall Wood Hollow: I have lived there about twenty years and my husband and I are empty nesters. I had to come tonight because I was so thrilled to hear that the proposal was going to intro language into the elementary schools, World Language. I think it is so important. I so wish that had been there for my son when he came through. I just wanted to let you know that there are many of us who don't have kids in the system now, but we really see what can make the system stronger, the education system. It's just wonderful to have this going to be introduced. Language for young children, it's like low hanging fruit. It's something that can give such great return on the tax dollars we are paying. I really want to applaud the Board of Education and the Superintendent, whoever has managed to put this in, and I hope it passes and many of us totally support it. Thanks very much.

Sue Henneberry, 488 Huckleberry Hill Rd: I want to complement all three boards on the presentations. They were clear and with a complex budget, I feel that I am well informed. So thank you. I'm not going to read my speech because it was a little contentious and the theme here is collaboration. But I just want to put a thought into your minds that I saw and heard it in your presentation. I'm sure you are aware we are living in a 19th century funding model in 21st century world. The way we generate out taxes, through property tax is the primary way of generating funds is a problem and I applaud your efforts to look for alternate sources of revenue. The Board of Education has a sub committee doing the same work. I'm sure the Town Council has been busy as well. I heard some possible solutions in collaborative efforts with towns like Farmington, their Fire Department. I urge you after you pass this budget as it is proposed, to sit down and establish a goal for finding alternate revenue sources not within our own means, but with other regions, other town in this region. This is something we can't fix alone, but as good 21st century people we need to work collaboratively as you are.

Robyn Abbate, 71 Lexington Rd: I just wanted to provide my full support for the budget that has been proposed today. I am extremely supportive of full day kindergarten, as I have to tell you, a lot of faces in this audience are in support of the Board of Education's budget. They might not all stand up and talk, but I have seen them at almost all of the Board of Education's meetings. I think there are a lot of people who are in support of it and you can tell by the applause when people speak and their support on it. I moved here to Avon in November of 2011, so I am new. I have two young children who will be going through the school system starting in September; one of them will go in September. I think it's pretty amazing that Gary has been able to propose a budget of 2.78% and put in more elective courses for the High School, putting the world language program in and full day kindergarten in. I can't believe he's able to do it with only a 2.78% increase. I was very happy to hear that the actual tax increase is only 2.6%. I would happily pay that to see these types of programs being put into the school system. When I moved here and did my research on Avon, I have to say that I missed the fact that Avon did not have full day kindergarten. I'm embarrassed. When people ask me about it, I've said of course we must have it. We live in a very affluent town with a very first class education system, our home prices are very nice homes prices, they are like that because of the wonderful educational system we have as well as

other things in the Town. So again, I am fully supportive of the budget as proposed. I would ask you not to make a cut to the budget just to make the cut. I know that sounds like it's fiscal restraint, as I've heard the term used throughout the town lately, but you don't have to make a budget cut to a well rounded budget. So I would ask you to put this budget through without any reductions.

Scott Bernard, 2 Churchill Place: Every year Everest claims the lives of some number of climbers, not because they fall off a cliff, but rather because as they push up the mountain the oxygen gets thinner, steps get harder to take, fatigue sets in, frostbite sets in, and eventually the climbers cross a point of no return before they even realize they are in trouble. While we are talking about the budgets tonight, I was struck by the fact that we are congratulating ourselves about what was termed a realistic budget. To me, I see year over year, our budgets get cut. Maybe this year it won't get cut, because as Tom said, it's already so small that it's unusual. From my vantage point, a lot of the folks you hear talking tonight are saying they need something, whether it's potholes, or fire trucks, or school electives. You can't do that with really small budgets. And year over year, I fear that we cut the budgets or maybe this year we compromise on budgets, and we congratulate ourselves prematurely. I fear that sooner or later the steps will get tougher to take, fatigue will set in, frostbite will set in and we will cross a point of no return in this community before we even realize we're in trouble.

Ben Colman, 37 Tamara Circle: I miss being up here by the way. Just a quick question, first of all I agree with what Scott said. I think the budget is too small. I think what's realistic is that Teachers like anyone in any profession should get raises. I think it's realistic that we should fund a growing population. I think it's realistic that we should have as good schools as our neighboring towns, as we should also have as good Fire Departments as our neighboring towns. So I agree with that gentleman about the Fire Departments. We should also have funding for the schools that is equal to the neighboring towns. But I have a question, I wonder since you're so satisfied with this budget; you think it's so wonderful, can you just accept it as is? Why send it to a referendum?

Tom Harrison: Did everyone hear the question? The Town Charter requires that there be a referendum to approve the budget. That's why whether we send it as it is now or we make adjustments to it up or down that does not end it. Under the Charter there must be a referendum.

Ben Colman: Are you recommending that that budget amount be approved? Would you recommend folks for that? You need to vote on it first, right?

Tom Harrison: We'll do that on Wednesday. And then whatever we do Wednesday, I think you have heard us say that we are all very much favorably responsive to the 2.6%, it's the lowest one that has ever been proposed. On how it will come out Wednesday it's at a very good point. Whatever we do Wednesday it must be voted on at the referendum.

Holly Mathews, 160 West Avon Rd: I come here today wearing two hats. I'm obviously a resident of the town, and I am also a French teacher in Burlington. I would like to see us have the same sort of system that we see in other towns where kids do start learning foreign languages in the elementary school. Last year they changed the Advanced Placement exam for French. This year they are changing the Advanced Placement test for Spanish. In order to be ready for this new test, which is extremely competitive, we need to start the kids earlier to fulfill this expectation. I just wanted to voice my desire to see foreign language started earlier and to continue throughout the system.

Bruce Corbett, 171 Huckleberry Hill Road: I am a forty year resident of Avon. I had three kids go through the school system. I am wondering where this budget process starts. I was at Town Council meeting earlier this year where the teacher's settlement was voted on by the Town Council. I hear the report tonight that the Teacher's Union controls the Town. I don't want to think that. But we do need to be involved at every step of the way. A big part of this budget is the teacher's salary settlement. I am somewhat mixed because I am a retired teacher. We have a 2% general wage increase, which in reality boils down to closer to 3%. That is the first and big step in the town budget. I've looked at the school budget and Gary Mala and the Town Board have done a superb job with that. I have not checked the Town budget yet, but I'm sure it's being well taken care of also. What we have is the Town budget

starts with the Teacher's settlement. And what we need to do is get the kind of attendance that is here, and later on down the road at the Town Council meeting which is really the first step in the budget process. There were only two people who questioned the Teacher's settlement at the Town Council meeting. There were at the same time as the Town Council was meeting, requests for funds for a safe to keep the records for the town, a reassessment cost for your tax reassessment that will be taking place, and several other requests for things. In the process we need to be alert all the way along the line because New England and Connecticut has special responsibilities where the people speak and let their representatives know. At this point I am not sure what to suggest to the Finance Board, but I think we need to be involved at the first step and all our budget processes. We could not have a meeting like this at the Town Council meeting, which was the very first step. We have a Teacher's settlement, which is a three year, almost 3% increase and I think that at this point is somewhat questionable given the economic situation. I think this Town needs to set an example for this State and for this Country for monitoring our taxes and our spending.

John Alexander, 35 High Ridge Hollow: I just wanted to voice my support also for the full day kindergarten. This is my daughter; she is going to be starting next year. I don't have much to say other than what has already been said on the subject. I just wanted to voice my support for it and put a face to the subject.

Cathy Salcert, 32 East Woodhaven Dr.: I wasn't planning to speak, but I thought I would just put in my two cents worth. I want to thank all three boards for working together and for coming up with a budget that I can hear the Chairperson on the Finance Board say is reasonable. One of the things I don't understand about Avon is why you are not into a typical category of government. It's not Council – Manager, it's not Board of Selectman, and it's kind of this hybrid. It kind of explains Ben's confusion as to why the budget has to be voted every year. I had to read the Town Charter. I am probably one of the few people who have because it didn't make any sense to me. I really feel strongly that people should have a chance to vote on budget that's presented, especially when you come and say we worked very hard to get an increase that we all think is reasonable and we can live with. That is the one thing that I have found troubling in the years that I have lived in Avon, eight years. Regardless on where you stand on kindergarten and all these various issues, if you are going to vote on the budget, I would appreciate it if you would not cut it before it gets voted on, especially when you come and say you felt like your work was done. I was very encouraged to hear that, that every body got together and tried to be reasonable. I might be in category of feeling that it is too small in terms of what we would ideally like to have, but it is hard to pay increased taxes every single year. The final point I want to make is, I think this gentleman has lived here for forty years on a road that hasn't been safe. I would like for you to find some money to help this guy out.

Florence Stahl, 2 Sunset Trail: I want to thank all for hard work. When overall spending is held in check, and mill rate increases are at a historic low, it's a welcome turn of events that we hope will continue. But, as most of you know 75% – 80 % of the combined 81.7 million dollar budget, that we are listening to tonight, is not negotiable at this moment in time. That is because signed contracts are already in place committing the Town and the Board of Education to certain levels of spending. School buses, utilities, a variety of suppliers, union wages all form the foundation of what is generally known as fixed costs. We know that everyone negotiates in their own self-interest. Dattco, CL & P, our salt & sand provider, they could care less about who attends these negotiations. But, public employee unions, they do care. They want these compensation agreements negotiated behind closed doors. My question is why? Is it because the UAW and General Motors operates that way? Is it because the teamsters operate that way; Kraft Foods? Private unions and public unions are different in almost every respect. One is dependent on money from profit and loss statements the other is dependent on money from property taxes. One relies on consumer choice; the other relies on penalties and liens. It doesn't take an act of Congress or a vote by the State Legislature to have negotiations held in the open. We are not asking to meddle. We are just asking to bear witness, to be able to listen as our money is being

negotiated and committed for years down the road. All that is required is an agreement among the parties. A simple agreement and the wall of secrecy would evaporate. Why do we have to beg for this right? You know, it has been a combination that