

**BOARD OF FINANCE
TOWN COUNCIL
BOARD OF EDUCATION
BUDGET WORKSHOP
APRIL 3, 2019**

I. CALL TO ORDER

The meeting was called to order at 7:03 p.m. at the Avon Senior Center by Chairman Thomas Harrison. Members present: Chairman Thomas Harrison, Vice Chairman/Secretary Catherine Durdan, Katrina Marin, Margaret Bratton, Dean Hamilton, and Cathy Salchert. Ken Birk was absent. A quorum was present.

II. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Thomas Harrison.

III. OLD BUSINESS

18/19-18 FY 19/20 Budget: All Three Boards

A. Board of Finance Workshop: Set Budget Goals and Objectives

Mr. Harrison welcomed all for coming. This is not a public hearing so no opportunity to speak tonight but it is a public meeting. The purpose of this meeting tonight is to provide an opportunity for the three Boards to react to and discuss what we heard at the Public Hearing on Monday night or when we hear from people around Town; the purpose tonight is to digest where we think we are with the budget, where we think the Town/public is with the budget; we generally give each of the Boards an opportunity to make their comments on what they heard, what they think should happen; the Town Council and the Board of Education will go first, followed by the Board of Finance and discussion among the Boards; once we have talked it out he will make a motion to adopt a budget; the Town Charter says that at this meeting the Board of Finance can make such adjustments as it deems necessary and would be made to the budget that was presented on Monday night; we can recommend that it be adopted as submitted, or decreased or increased; this will be the last order of business at this meeting. We are all a little disappointed at the size of the turnout on Monday night; as budgets and taxes go up, the attendance at these meetings go down; the number of speakers was eight; we did not really get great guidance, some years it is strong feelings to slash or increase the budget, this year there seemed to be concern about sewer charges, how come property values go down and my taxes go up; we did not hear anyone say you must increase the budget nor say do not cut a penny out of the budget as submitted; we did not have a lot of guidance which is the purpose of the public hearing, give us a sense of what is the thinking in the Town, what is the mood. We give the Council and the Board of Education an opportunity to share their thoughts, then we will give the Town Manager an opportunity to say something, and the Board of Finance members will give their views and we will put it to a vote by the Board of Finance.

Mr. Harrison opened it up for comments from the Town Council.

Mrs. Maguire, Town Council Chairperson, commented that when we present these budgets we are bringing forward to the Board of Finance and the community our best efforts; a document that has been thoughtfully researched and planned out; there is no doubt in her mind that everyone in this room wants to see a zero percent increase in this budget or any budget for this matter, however while in theory this seems optimal, in reality this may seem shortsighted; when we put out a zero percent budget we may come back to double in subsequent years; we have contractual obligations,

long-term liabilities that require funding, and aging infrastructure that must be maintained; in addition we have a quality of life that we hope to uphold, we need to keep our citizens safe, our children educated, and all of our citizens happy in their decision to call Avon their home; it is tough and laborious to balance it all but we do it as a commitment to our Town and all of our residents and for future generations that will make Avon their home. Avon is thoughtful and well planned in our budget process hence our outstanding continuous recognition by GFOA; we plan ahead, we are sufficiently funded and rewarded with AAA bond rating. So tonight she asks the Board of Finance to consider and act on the budget that was presented Monday night; much discussion has occurred and recommendations have been given as to how to best handle the looming teacher pension pass back to the municipalities. It is her opinion that based on information that we are receiving from our elected officials in Hartford as well as CCM that there will be at some point a bill that the municipalities will be expected to pay; the issues will become, will it hit this year or will it be further out down the horizon. After Friday's decision to remove wording making it appear as the pension are removed from the proposed bill one would believe that is safe not to budget for the pensions, however she strongly believes that until the session is over anything is on the table. That being said, based on her conversations with the Town Manager and his confidence that we may be able to absorb a minimal expense she believes it would be in the best interest not to increase the budget due to the uncertainty of the teacher pensions at this point in the process. Between the decline in the Grand List and the potential for an increase in the sewer charges she believes that budgeting additional monies for something that is uncertain is not fair to our taxpayers; instead she will continue to encourage our local representatives to advocate strongly against this expense hitting our Town. She believes we owe it to our taxpayers to fight off these expenses should we find that this concept resurfaces. She does feel that there is going to be something imminent hitting us but our Town as well as many other towns are well into their budget process and for the State to then come and hit us with a huge bill, she would like to believe that we can either handle it or fight it off for a year; that would be a fair thing to approach our legislators with and not to hit us this year.

Mr. Stokesbury commented that he looks at it a little differently and contrary to Mr. Harrison's comments about the meeting, he did hear a number of townspeople say they can't afford the proposed increase; several of the earlier speakers were very clear about it so that always concerns him. He does think that the teacher pension will hit this year with some number; the State has done it before where they cut off anticipated revenues after the budget has been passed and taking those two factors together he thinks we should decrease the budget by some reasonable amount, maybe 50% of the pension number as a protected wound. Mr. Harrison asked that if we were to do that, do you have any suggestions on where it should come from. Mr. Stokesbury responded no.

Mr. Speich commented that as far as the budget goes, he is partly with Mr. Stokesbury on it but with a number of 4.95% increase, he knows it is the Board of Finance's job to decide what you think it is, but it seems awfully high to him on the surface; there are people in this Town that can't afford it, luckily some of us can, but he thinks that number should be around 3% for a mill rate change. He also thinks we will be able to find some money to be able to take care of the teacher pension. Mr. Harrison asked if we were to be making reductions in the budget do you have any suggestions from where they might come. Mr. Speich responded no. Mr. Speich noted that in general the 4.95% is too high for this Town.

Mr. Pena commented that regarding the budget he go through the Town to talk to people and most of them said they are glad that they are not in our position to have to put together the budget; they know it is difficult and the surrounding towns and the State are in a difficult situation too but he never heard anybody say reduce the budget; they count on us to do the right thing. Some did say that they understand what is happening at the Capitol and that could come to us. He covered a good amount of people as he usually does; the best way is to talk to taxpayers directly at their home. Not

one person said to reduce the budget; they believe in what we do. Mr. Harrison commented that one of the things that is nice about the grassiest of grass roots is that the elected officials can do that so thank you for what you do on that.

Mr. Bernetich did not provide any comments.

Mr. Harrison asked the Board of Finance if they had any comments, replies, or rebuttals for the Town Council. There were none.

Mr. Harrison called on the Board of Education members. Ms. Chute, Board of Education Chairperson, commented that once this number is decided upon and goes to referendum we begin all over again for the following year. She appreciates that throughout that whole process Dr. Carnemolla is working with the staff right on and keeps the Board updated all along the way so we are participating in what's the best decisions to keep our programs as strong as we possibly can and how do we maintain the quality that we are providing. Not once did she hear any parents or anyone from our community come to us and ask us to reduce our budget so we have only had support the entire time. She appreciated what Dr. Carnemolla did for everyone on Monday evening was present how difficult it was beginning with an over 4% amount thinking that is what we would require and how much work it took to get us down to 1.96%; that is very impressive, we ourselves had our jaws drop when we were presented with it at our own meeting, absolutely positive feedback on that, we were incredibly impressed; we know how hard it was for staff to go back and shave things back and be realistic so we could present to you with a number that we could feel good about and each year we have been fortunate to bring you lower numbers so to be at 1.96% is something that we are proud of. She does not think we can take anything away from that number and not harm the programming that we provide to our students; that would impale our staff in some capacity and would affect class size and we have contractual obligations as well that we have to maintain so she feels very good about what we have put forward. She thinks the message that we have received has all been positive; even the other night she did not hear anybody attack the Board of Education percentage. She thought they had concerns about the Town budget but she felt supported and the fact that they are not showing up is also an agreement that they think we are doing right by them so our best interests are their best interests. She hopes you will consider that in your decision because we have done a really hard task here to bring you something that we feel very confidently about and not sure we could take much more away.

Mr. Fleischman, Board of Education member, appreciates the comments that have been said so far tonight. His experience has been different. On Monday evening he did hear people have concern about the budget; they said lower the tax. What struck him so much, the woman who spoke about the sewer charge and the argument discussion about who is responsible, her comment was that her bill says Avon and while we don't control that number....his concern is that we have to keep in mind what the perception of the public is; the revaluation causes an interesting problem in this Town because it did not say that all property dropped; what it said was that property over \$750,000 dropped but homes around that \$300,000 mark went up so there is a group of people out there in this Town who have homes in that lower range who have been told their evaluation has gone up thus their property tax is going to go up and now we are going to raise it again, in addition many of those people may have a sewer bill which was raised last year and being raised again and while we don't control that it is important we keep in mind how the public is going to view a 4.95% tax increase. He does not know if that number has been made public on a wide scale. He has not seen it discussed on the Town web site per se. He thinks what will come out is when the Board of Finance drafts a resolution for the referendum that number is there. He believes that traditionally that number faces problems at referendum. He thinks we need to be mindful of the perception. He agrees with Mrs. Maguire's comment regarding the pension. Our Board of Education had a pretty in-depth conversation regarding the State at their last Board meeting, it did deal directly with

regionalization but in the discussion what that things don't seem to be going the traditional way in Hartford that normally bills have been more transparent and he felt there was a shell game going on that they were changing language after bills have been submitted and we never get a fully clear understanding so while yes the language has been removed he is concerned and he cannot trust the State that it will not come back in this legislative session; he cannot see adding it; he is advocating we find some way to lower that tax number from 4.95%, find something that we think would be truly palatable to this community. Mr. Harrison asked if he has any suggestions where this savings would come from. Mr. Fleischman responded that he cannot speak to the Town budget; he knows that the Superintendent has done a phenomenal job, he submitted 47 questions to the Superintendent regarding our budget and the budget we have is quite lean; having also taught for twenty-two years he does think there is always other places to trim. He does not think the trimming needs to come solely from the Board of Education; he knows we are an easy target because we have such a large percentage of the budget but he was struck by the process they went through looking at what has been budgeted before and what was actually spent and making cuts based on that. Without knowing the process the Town went through, and he is not making accusations, but have we gone through and looked at historical budgeting versus spending town-wide.

Jay Spivak, Board of Education member, commented that Ms. Chute did a great job explaining the process and how we got to where we are on the Board of Education side and our administration did a fantastic job getting us to where we are; we are putting forward a very responsible budget; if any of us thought anything should have been cut we had a long process and many discussions and many questions analyzing every number and over the years we have cut a decent amount of staff so he is very comfortable with the number brought forward and think that we should put it to the voters as is. He is surprised at a couple Council members who don't think that. Mr. Harrison, you put forward, where would you cut? So if I was going to cut I would have done it before tonight and he would hope that anyone else sitting around this table involved in the budget process would have done that too. He does not think we are in a position to cut anything; we have done what we need to do and our administration is putting forward a very fair number. So if you are looking to cut he would like to hear the suggestion of where you are going to cut because he does not think there is anything we need to and if the Council members think there is somewhere to cut he would hope they suggest that too. He does not know how we can even say we can have a lower number because otherwise we should have done that before.

Mr. Pena, Town Council member, noted that he not only asks about the Town budget, but he always asks about the Board of Education budget and one statement he always hears is to strike one line item but he did not hear that at all. This past week he also went to the Senior Center and not one of them said anything about the Town budget; the State budget, yes they did. The Board of Education did a very good job on their budget to get to where they are. He did not hear anybody on his list, both parties, and not one asked to cut an item in the Board of Education budget.

Mr. Harrison called on the Town Manager who is plugged in to what is going on downtown, on the Board of Directors for Connecticut Conference of Municipalities (CCM) and knows where the money is and isn't and to share his thoughts on what you have been hearing tonight. The Town Manager commented that the bulk of the comments should address the teacher pension; we had a great development last week, very positive, in that it did not make it out of the Education Committee; there is a significant cross section of legislature that is represented on that Committee and can serve as a barometer regarding the acceptability of the proposal to the body as a whole; having said that, while he thinks that is a good indicator that the likelihood that it will be approved is less than he would have thought it is very much still in play; the reality is that things have become a lot sketchier at the legislature; the best example of that is the bail out that Hartford received at the very end of the session last year; the State of Connecticut assumed all of Hartford's outstanding general obligation debt so that leads him to believe that just about anything can happen. With the

teacher pension the leadership at the legislature, both Senate and House, remains very interested in that proposal; we have an untested Governor and don't yet know how much he is going to dig his heels in over that proposal in terms of the final negotiations and we have a practical problem in that the Governor's budget assumed a revenue of \$50-60 million that was going to come from municipalities to fund the teacher pension and if that proposal doesn't go anywhere what choices do they have, the same choices that you are going to be talking about tonight; we can raise revenue, we can reduce expenditures, or do some combination of the two. Sitting here right now, the teacher pension is a jump ball; his recommendation would be that the Board of Finance not adjust the bottom line of the budget to appropriate that funding for the FY 20 budget. The next question becomes what happens if the State does approve that proposal and aren't you going to be coming back to us with a big gap on the revenue side of the budget that we have to close; there are any number of ways we can solve for that puzzle if it comes to pass; we could recommend dealing with it on a supplemental appropriation where perhaps revenues are higher than anticipated or budgeted and we can cover it like we would an unanticipated grant for instance; so far so good this year, we are receiving revenues as anticipated, we are not seeing major stressors on the budget so it is likely that at the end of the year revenues will exceed expenditures; management could recommend at the conclusion of the end of the year to the Council and Board of Finance when we do our final entries is that we put an assignment on Fund Balance to cover the teacher pension if approved. There is a very large coalition of organized interests that have a significant stake in opposing that pension shift perhaps even legally if approved and could include CCM, Council of Small Towns (COST), and you may see some desire to pursue it on a class action basis; we have to keep in mind that this is not a one-year issue; this came up for the first time two years ago, it is less than it was the first time it was proposed but when you look at the out years it is \$330,000 in FY 20, \$680,000 in FY 21 and over \$1 million in FY 22 for Avon; all of those organizations may see a benefit to investing to really engage in a trenched fight against that; there has already been some work in that regard, the State of Connecticut sold umpteen hundred million dollars' worth of pension obligation bonds three or four years ago and there has been a lot of discussion about the covenants that went along with those bonds; some lawyers have said that based on those covenants the State of Connecticut cannot pass that obligation onto municipalities, it is the obligation of the State, not the towns; the State could say that is fine, we are not going to hold the towns responsible for the pension payment but we are going to reduce your other municipal aid revenues; it is all a jump ball right now, the teacher pension is very much in play, the other revenues are in play; the prudent course on the revenue side would be to continue with it as proposed at this point. Mr. Harrison clarified that the Town Manager is suggesting that we do not amend the budgets that were discussed Monday night to increase by \$330,000 for the teacher pension. The Town Manager responded that is correct. Mr. Harrison asked about the Town Manager's observation in terms of revenue. The Town Manager responded that whenever you have 2 or 3% Grand List growth on a \$1 billion Grand List that is a significant amount of additional revenue; our Net Grand List now is about \$2.6 million so it takes a lot more to move that on a percentage basis and for this year if we did not have a revaluation the increase in the Grand List would have been about 0.45% which is very consistent with what we have been seeing for the last couple of year and would equate to \$11.5 million increase in the Grand List; on the revenue side it is prudent to go forward with slightly more conservative estimates from the State who is an unreliable partner; where we are seeing the increase in revenue over budgeted in the current year is on investment income, the market continues to do well. Mr. Harrison commented that assuming the Board agrees not to add in the pension, for revenue streams coming in for the rest of the current fiscal year he asked the Town Manager if there are any concerns. The Town Manager responded no, we report on this every month to the Board of Finance; there is the issue with the Choice funding which is tuition money coming in from Hartford and Hartford has had some bills go unpaid to MDC and some other agencies for whatever reason but to-date they are meeting their obligations under the Choice program and ECS payments are coming in as anticipated; this is where we have to be grateful that we are not more reliant on the State than we are, on a percentage basis it is about 2.5% of our revenue coming from the State. He added good

news that we continue to see development activity in Town; building permit fees are holding consistent with the estimated budget, conveyance tax revenue is coming in more than anticipated, a couple of significant developments potentially on the horizon, one is the Avon Village Center which he doesn't think we'll see anything from this coming year but who knows in the future; there will always be some marginal development in various areas, people will continue to do the additions, upgrades so those other revenues are holding steady.

Mr. Harrison commented that one of the concerns from the minimum number of speakers we had the other night had to do with the sewer use charge and the issue of one person paying the same fee with more than one person in their house; any thoughts on what we might do in the future. The Town Manager responded that for the current year the rate went from \$350 to \$500 and under the proposed budget we are assuming another \$100 increase which may or may not go into effect as the AWPCA needs to hold their public hearing and they are very responsive to public input and they are looking at a number of different ways to reduce that rate of increase; the biggest unknown in the sewer budget right now is the negotiation of our agreement with the Town of Farmington who is going through a significant expansion of their plant and as one of their customers we own a good percentage of that plant; up until a year ago we were on a very good glide path with them, we had their data, they were giving us information about what our anticipated cost would be; they gave us updated data and it showed some interesting anomalies that we don't understand and to-date we have not been able to get information from them that gives us any more reason to believe those factors but we have to build something into the budget and it may not end up being another \$100 increase to protect us in the event that their numbers are correct and we have to make debt service payments to Farmington that will come online in FY 20; AWPCA is very aware of these issues, he wishes they could have been resolved prior to this point but that was beyond our control; the AWPCA and Engineering staff is looking at ways to address the equitability of those charges and one thing they are looking at is charging for sewer use based on flow; maybe it piggy backs on water usage, what goes in, what goes out, and use flow meters from the water to assess sewers; they may draw down more Unassigned Fund Balance in the Sewer Fund to help offset it; they could also split up the billing, not one in July due in thirty days, perhaps bill twice a year; hopefully we can find a way to smooth it out for FY 20 so it is not the full \$100 impact. Mr. Harrison clarified that there is nothing tonight that the Board of Finance could say to change that; it is an AWPCA decision. Ms. Bratton asked when under the pressure of the public could the way of them calculating it change. The Town Manager responded July 1, 2020.

Ms. Bratton asked Mr. Speich if he calculated a dollar amount that would bring us down to a 2.9% tax increase. The Town Manager responded that to bring us down to a 3% tax increase you are looking at an expenditure reduction of \$642,582. Mr. Harrison noted that the decline in the Grand List is the big thing here; \$640,000 is a big chunk and not sure if there is any desire that he is sensing to do that. Ms. Bratton asked if it were to potentially decrease if there was anything that could be postponed for a year. Mrs. Maguire responded no.

Bogdan Oprica, Board of Education member, commented that the glide path, I use that word for the Grand List, might be okay based on what we heard but long term do we have any sense where that will go eventually, how far ahead can we plan for. Mr. Harrison asked if he was talking about revenue or expenditure projections, or both. Mr. Oprica responded yes. Mr. Harrison responded that the revaluation is required by State law every five years; we did it calendar year 2018 so any changes in the Grand List will probably be moderately up with some development going on; unless there is a real economic catastrophe we shouldn't see decreases in the Grand List. He remembered in the early 2000s just the change in Grand List from year to year was enough to cover the tax increases. Mr. Oprica asked if we were surprised this year around. Council members responded that they thought it was going to be worse. Mr. Harrison commented that it is the second five-year cycle in a row where it has declined. Mr. Oprica commented that is the pattern he is worried about.

In his industry there is something called a debt spiral; you have a group that you insure for health insurance and you raise their rates the following year; some of the healthier individuals can move off that because to them it seems that the rate they are paying is not worth the benefit they are getting because they are healthy; the year after that the insurance company sees the healthier risks leaving and have to increase their rates even more and what we call a debt spiral; the patterns we are hearing about Connecticut as a State on a macro level are some of those things; we heard for the past four to six years people from Greenwich are leaving, we heard from the public say their rich wealthy clients are leaving the State to go to South Carolina; people are leaving to go to other states; he knows there is ghost towns, is there such thing as ghost states but do we have to look at that eventuality in some shape or form. Mr. Harrison responded that we have to be aware of it; Connecticut is losing population, some of the businesses; not something our little Town could get the three Boards to vote unanimously on something and it wouldn't change any of that. Houston Putnam-Lowry, Board of Education member, responded that there is not a lot of land left in Avon for real estate development which is the primary source and what funds the Grand List; the only stage you are going to have left is there will be knock downs and tear downs but does not see anyone doing a large assemblage that is going to change everything dramatically; that is a reality we are going to be facing in the next ten to twenty years. The Town Manager commented that it is a function of the land availability and desirability of development and a function of arithmetic; as the budget gets larger and the Grand List gets larger and the amount of developable land gets smaller it puts more pressure on the mill rate as we don't have other revenue sources to offset that. Mr. Putnam-Lowry commented that the State has talked about having a local sales tax, he does not see that coming through but eventually people may talk about having municipal sales taxes or municipal income taxes which won't be a big seller; our primary source of income for the time being is real estate property tax. The Town Manager commented that when you think about the dollars that leave Avon; if you go to the Department of Revenue Services for the State you can look up the value of personal income tax returns by town for each year; in 2017 Avon sent \$86 million to the State and our General Fund budget is around \$88-89 million so we are getting about \$3 million back from the State; the value isn't staying in Avon, it is going to Hartford and getting redistributed. Mr. Oprica commented that he remembers the days in Connecticut when there was no income tax; what can happen foreseeably in a State like this is, you have the income tax, then companies leave, etc. and you have to raise taxes some more and find other ways to raise tax by toll booths, etc. and start pushing away the tax base. Mr. Harrison responded that geographically we pay a price for being in Connecticut and that is not something any town can control. Mr. Harrison asked if there is any sense about making the function of Board of Education to be a taxing district. The Town Manager responded that shouldn't be going anywhere.

Mr. Harrison called on Mrs. Marin for comments. She commended the Board of Education for doing a phenomenal job and setting the bar very high with the budget and finding money in other resources where necessary. After listening to everyone speak and their concerns and polling her friends and such, she recommends the Board of Education budget remains as requested, we do not touch it at all; there are twelve 4th grade classes going to Thompson Brook School next year so they need more help than what they actually asked for; the other is that the Town places on hold a project or two that does not impact the safety of any resident, volunteer or employee; not to include the teacher pension but to include verbiage notifying that there may be a tax addendum due to what State decision might be made down the road.

Mr. Harrison called on Mrs. Durdan for comments. Mrs. Durdan reviewed the Town and Board of Education budgets and listened to the people that spoke on Monday night and the first person that spoke talked about the fact that he didn't really have any kind of increase in his salary but we talked about how much we were going to be raising his taxes. The recent Grand List identified property values of some of the homes in Town that were decreasing and her concern is while homes are decreasing in value we have been asked to increase their taxes; how do we explain that to them and

do we know when there is going to be an end to the decrease; what is going to happen to the decrease, is it ever going to come back at all. She gave an example of a \$750,000 home and now it is valued at \$500,000 and they are going to be paying taxes and thinking what happened to the value of their house, is that going to be increasing, is it going to grow and how would it grow. The recent teacher's contract while coming in below the 8% was applied to a very high salary base; Avon teachers are the highest paid in Hartford County and the 7th highest paid in the State. The Board of Education is the largest amount of the total budget and asked if there is anything else that can be reduced or eliminated. She is not talking about cutting teachers if you need to keep the ones you have but is there anything else that you can reduce. Before she knew we were going to eliminate the unfunded teacher pension that we also need to discuss that and the impact it was going to be to Avon in the first year and when we look forward what is going to happen after that, it is going to get worse. She would recommend tweaking the proposed budget where we can; if residents realize the proposed mill rate change is 4.94% we could be looking at a second referendum. If these budgets cannot be trimmed, she will support the proposed mill rate of 32.90 without the \$329,381 for the teacher pension.

Mr. Harrison called on Ms. Salchert for comments. She heard some concerns the other night too; while a lot of us are feeling the pinch this year, especially with the changes in the tax law, there are people in our community who really cannot afford the tax increase. We are not happy about it but it is not a matter of not being to find the money somewhere but there are people in our community who really can't; she has seen and heard that theme many years and would like to find a way to help people who cannot afford to pay their taxes; we have a very low veterans exemption on the Assessor's side, there is some discretion there; one of the things that she doesn't understand in the budget that she saw is that we have an uncollected tax amount that is here that wasn't explained and she was late into the process and didn't have a chance to ask all the questions she'd like to ask but if we end up at a referendum that is one of the questions she wants to know. If we are able to recover some of that money she would like to see it go into tax relief for people who can least afford to stay here especially people who have been here their whole lives because they are the ones that are going to have to leave Avon, maybe not Connecticut. As far as the teacher pension, she has come to the conclusion that even though there is probably a likelihood it is going to come up if not this year, in the future, we can't ask people to pay for that this year, there are too many things that they have to pay for already and trying to get down to a 3% mill rate increase is going to be difficult and she is not prepared to make cuts to the budget right now. She noted that Mr. Spivak made a good point that there has been a long process that got to this point right now and if we don't know what to cut before walking in here it is going to be very hard to do it. She is not saying that she doesn't have a little cheat sheet that she could talk about but there aren't a lot of wholesale changes we can make at this juncture other than deciding not to put that money aside. As far as what do you do if it comes, we have some arguments to make; the PILOT payments have not been made for the last few years; we need to deduct anything owed from the State before we pay them anything else; last year when this pension was brought up someone also raised the point of maybe using it to offset our Education Cost Sharing grant that we haven't really counted on that money and can we play with that a little bit; the thing that came to mind most readily was what the Town Manger said, is that we have the Unexpended Fund Balance for this sort of thing, it is a one-time thing, if it comes up can we do it with that or a combination of other revenues that haven't been obligated and deal with it this year without having to hit people with another tax increase. She is disappointed, you talk about the debt spiral, she was here before Connecticut had an income tax too, and the speech made at that time is we're going to lower all of the fees when we have an income tax, it didn't happen, they used to criticize Massachusetts where she lived for 17 years, they had an income tax and their fees are still half of what our fees are; we have a spending problem, we have to move towards a model that is more like the private sector; one of the things about the pension that she doesn't understand, she thinks the State might want to start incentivizing people to change the way they are doing things. When she was working in a municipality in Massachusetts

we had a pension, our employer also went out and got some companies to come in and offer a 403b which is a deferred compensation for government employees; if you are taking money and putting it into something like that it is going to grow a lot faster and be worth a lot more at the end of the process; she would like to see CCM or some of the communities that are going to oppose this to come up with your own legislation because there is obviously a shortage of good ideas down there right now; all they can think of is ways to spend or how to shift the liability; if we are going to keep things going here in Connecticut we need to move in that direction. She is not getting a sense of how do the commercial properties or businesses play into our bottom line in Avon. There is a nice story in the Courant today about iDevices, a company that moved into Avon, they have 48,000 square feet of space, a growing developing company right here in Avon; that is great news. How do we get more of that going on? She knows a number of buildings in Town that have been vacant for almost as long as her kids have been here; why is that, especially on Route 44. She thinks there is a lot of area for improvement; we need to keep a positive attitude; we need to come up with new ideas of doing things. She agreed with the Town Manager's comment about possible legal challenges about shifting the pension costs; no matter what goes on, she can't see people just taking it without pushing it back and it is not good for our State to have that kind of battle, we don't have the money to spend on fighting with each other; let's focus on getting some better ideas going, she wants our teachers to be well paid and proud that we are in the top 7, that is what makes our schools great are the teachers; you can't take away from them; there is some rationale for having us pay for some of that differential but not sure where their formula is coming from and why it goes up exponentially in three years; they can't expect anybody to be able to do that especially with Grand Lists that are declining and things of that nature; we should stay in the fight and listen to our residents who want some relief and go from there.

Mr. Harrison called on Mr. Hamilton for comments. Mr. Hamilton commented here we are, a new year, new budget, new concerns, new opportunities, and a new Governor, new but imbued with Connecticut's quintessential, age old State financial habit, make local taxpayers pay again and again for the State's financial irresponsibility. We dodged the teacher pension funding State fiscal mismanagement bullet last year. This year our legislators who seem as if they are more focused on recreational marijuana just reloaded and targeted us again with another double taxation bill for towns. Thanks to the Town Manager he did a little bit of checking on CT.gov and we pay more in taxes to Hartford than we pay to run our own Town and schools; 2017, the Town Manager said \$86 million in income taxes, \$10 million in sales and use tax, and \$1 million in conveyance taxes. We have a budget before us here of about \$95 million and it is all going to support Avon; the Town Council, the Board of Education, all the Town and staff have worked hard to create what we have before us today; we know where our money is being spent. He agrees with Mrs. Maguire, Mr. Stokesbury, and Mr. Speich, zero percent would be really nice, it is not reality, 3% would be nice but what a hit that would be, of the increase it is sort of half revaluation, half tax increase; as much as he would like to cut, he does not see that there is really a place to do it. He is ready to go with the budgets as presented.

Mr. Harrison called on Mrs. Bratton for comments. Mrs. Bratton thanked both our Town Manager, our new Superintendent, the Town Council and Board of Education for all the hard work. She agrees that we should not increase our budget by the State teacher pension threat amount. She also agrees with us continuing to push for calculating the sewer by use per household instead of the flat rate - that is important; everyone in Town uses the Town resources, we already are charging the people who don't have kids in the school system with our Board of Education so we should not also do that with the sewer and would be great if we could get that changed; she knows it is not in our control but we can keep pushing for it. She would be agreeable to a decrease in the amount, just a little bit, but had not come up with a number; it was more based on what you guys had said. She would prefer having some guidance on that because you know your budget better and never want to tell you what to do with it; she was hoping for some thoughts on that; she is a little worried

about this tax increase being close to 5%, especially with the middle priced and lower priced houses and residents of those houses that are going to have the 5% plus more and the sewer increase; she is concerned about that but would rather get input because the Board of Education was at an increase of only 1.93% which is pretty low; she did not know if the 3.45% can be played with on the Town side; she would be willing to try to figure out if we can do some kind of decrease before this goes to the first referendum.

Mr. Harrison joined his colleagues commending both Boards and Chief Operating Officers, the Superintendent of Schools and the Town Manager. We are fortunate here in Avon, when we see budget numbers assembled and budget requests laid out on the table we can be quite confident they were not pulled out of thin air, that there was work behind them to develop them, they were put together honestly. He is very pleased and complimentary to the other two Boards for the work they do to put together honest budgets; that makes our job easier to know that whether we like the numbers or not we know they are real numbers and there is something solid behind them and we might question the background for it but we don't suspect there is anything in here that is smoke and mirrors. He has listened to the people that spoke at the Public Hearing, the two presentations that the Council and Board of Education made, he listened to the comments made tonight, and in keeping with the tradition in Avon was provided civilly and respectfully and is very nice; he has worked in state, city, and federal government at various points in his career and he knows what those budget processes are like and it is nice to be in a place like this, the numbers are there and they are honest. He does not like to pay taxes any more than anyone else in this room; we all work hard for our income, we live in a good Town, we do have to pay taxes to keep the Town a good Town so he is quite willing to do that; some years he has aggressively supported reductions in some of the spending increases and some years he hasn't; this is an odd ball year with what is going on in the State that is broke and a problem we all face and not going to go away for years. It is sad when you consider what the State reputation has been over the years; we moved here in 1988, no income tax then, politics in Hartford was more civil, more respectful, and to now be in this financial mess; they talk about having a revenue problem; they have a spending problem. We are not dealing with State budgets; we are dealing with the budget for our little Town of Avon at \$95 million, it is going to be up to \$100 million pretty soon; a pretty high budget and are not going to see it taper off, the growth will keep coming year after year even if our population growth is not as much as it was. He stated that he agrees fully with postponing amending the budget that was presented Monday night to add in the teacher pension, a solid move, which would otherwise jump up the tax increase and he is not convinced that it is necessary to do it; he is prepared to face whatever consequences come if it comes back; he is confident that we will be able to manage that. He supports the budget as it was presented Monday night; he would love to see it lower, he is not sure with the mess at the State it is a good year to do that; the budgets were put together in good faith; if we had to make some reductions there could be some taken that would not cripple the Town Council or the Board of Education but not the year to go there. He supports the budgets as presented.

B. Adopt Final Recommended Budget

On a motion made by Thomas Harrison, seconded by Cathy Salchert, it was voted: **RESOLVED:** In accordance with Section 9.4.1(b) of the Town Charter of the Town of Avon, after a public hearing duly held on April 1, 2019 and after due consultation with the Town Council and the Board of Education on April 3, 2019, the Avon Board of Finance hereby recommends to the Annual Budget Meeting a Budget in the amount of \$95,394,145 for Fiscal Year 2019/2020. Messrs: Harrison, Hamilton, and Mmes. Bratton, Salchert, Marin, and Durdan voted in favor.

Mr. Harrison noted that Mr. Birk, Board of Finance member, was unable to attend this meeting as he is out of town on business tonight.

C. Sign Call of the May 6, 2019 Town and Budget Meeting

IV. NEW BUSINESS – There was none.

V. OTHER BUSINESS – There was none.

VI. ADJOURN

On a motion made by Thomas Harrison, seconded by Cathy Durdan, it was voted:

RESOLVED: That the Board of Finance adjourn the meeting at 8:20 p.m.

Messrs: Harrison, Hamilton, and Mmes. Bratton, Salchert, Marin, and Durdan voted in favor.

Respectfully Submitted,
Catherine Durdan, Secretary

Attest: Jennifer Worsman, Clerk

All referenced material is available to the public in the Town Manager's Office.