

**BOARD OF FINANCE  
TOWN COUNCIL  
BOARD OF EDUCATION  
SPECIAL MEETING – BUDGET WORKSHOP MINUTES  
MAY 11, 2020**

**I. CALL TO ORDER**

The meeting was called to order at 7:13 p.m. via GoToMeeting by Chairman Thomas Harrison. Members present: Chairman Thomas Harrison, Vice Chairman/Secretary Catherine Durdan, Margaret Bratton, Ken Birk, Cathy Salchert, Katrina Marin, and Ellen Retelle. A quorum was present.

**II. PLEDGE OF ALLEGIANCE**

The Pledge of Allegiance was led by Tom Harrison.

Mr. Harrison shared that under Governor Lamont's Executive Order and a decision by the Avon Town Council the Board of Finance has been designated as the budget making authority to adopt a budget for FY 2020/2021.

**III. OLD BUSINESS**

**19/20-05      FY 20/21 Budget**

a. Proposed Budget Summary and Options

Brandon Robertson, Town Manager, guided the audience through a brief Power Point Presentation. The slides are attached to these minutes. He noted that this was the same presentation that was given at the Board of Finance Special Meeting on May 4<sup>th</sup>. He noted that one change is the reduction to the Town's OPEB contribution by \$267,000 which is a step back in terms of our progress and we will not fully fund our required contribution as quickly as we would have liked. He highlighted that total identified adjustments would be \$766,000 by the Town and \$378,000 for the Board of Education. He highlighted Scenario A versus Scenario B. He highlighted a page from the Comprehensive Annual Financial Report and noted the current amount available under Unassigned Fund Balance (UAFB) for appropriations for emergencies or extraordinary circumstances based on the Town's policy requiring a minimum balance of 10% and is currently at about 12.59%. He added that we have a credit rating agency reviews later this week and they will be interested on how we will replenish UAFB and how we manage it going forward as this is a multi-year issue. He noted that this budget assumes a certain level of funding from the State and is also under many of the same fiscal pressures that we are; there is a lot of risk with this budget. He strongly recommend that everyone think of it as a multi-year problem, we need to think strategically, and make decisions now that put us in the best position to deal with this next year. Mr. Harrison thanked Mr. Robertson for his presentation. He noted that we want to stress that if we go forward as they anticipate of not increasing the mill rate this year; this is a one-year only time that will happen; it is appropriate this year with COVID-19 to give our taxpayers in Town a little bit of a break. He mentioned the several comments received by residents regarding the proposed budget which are attached and made part of these minutes. He noted that in his view this is not a year to be raising taxes and cognizant of the issues that Mr. Robertson described but we believe if there were ever a time to give taxpayers a break we think this is the year.

Mr. Harrison stated that it is recommendation that we do recognize the fact that a lot of our residents of various income ranges are suffering, there are financial stresses out there, job stresses, businesses reducing staff, and we should offer some help by not increasing the tax rate; this is a one-time situation, let's not get comfortable with it.

Town Council Chairperson Maguire responded to a number of questions that were asked at the May 4<sup>th</sup> Budget Meeting which is attached and made part of these minutes. She noted that the budget we have before you tonight has a tremendous amount of back of house reductions and despite the significant cuts to the Town budget it is our intention that the citizens of our Town will continue to have their services and needs met. As the Mr. Robertson outlined, the budget presented does not come without cost and risk; we will need to plan to fund out our future liabilities to ensure that Avon maintains its strong financial standing. There are unprecedented times and we are all doing our best to navigate through them. The three Boards have worked together and must continue to do so as we proceed on this journey. To the Board of Finance, you have been given the difficult task of setting the mill rate and not going to referendum. I know you all have taken the responsibility very seriously. Thank you for your commitment of time and effort and analyzing and considering the difficult decision that must be made. I believe that we have achieved a solid budget for the taxpayer. To the Board of Education, I believe that it should be stated that everyone on the Town Council recognizes the challenges and difficulties that you are facing; we are committed to partnering with you and navigating the new learning conditions that you will have to address as you prepare for the students' return. To the taxpayer of Avon, tensions, fear, and uncertainty about the future are high; we are doing our best to make the right decisions at the right time. Tough choices, tough conversations and decisions are likely ahead. I don't expect you all to agree or to understand why a particular choice was made but please know that our first priority is the citizens of Avon. I hope that all of the Town continues to be safe and healthy; we are here to serve you, it is an honor. Thank you Mr. Harrison for your time. Mr. Harrison thanked Chairperson Maguire.

In response to a question from Ms. Bratton, Chairperson Maguire responded that unemployment in Avon is at 8.6%, 9,221 residents for March and April. Ms. Bratton stated that we only have 18,000 or so residents so would it not be more like 50%. Mr. Robertson responded

Ms. Bratton commented on being equitable within our Town and in order to act in a fiduciary and responsible manner have we discussed a voluntary change to a zero percent salary increase to Town and Board of Education employees, regardless of whether you are part of a union or individual contract to prevent the cliff for next spring? She noted that in the private sector many are taking zero percent salary increases. Chairperson Maguire responded that there have been conversations and tough decisions are coming down the road. Mr. Robertson responded that generally with collective bargaining you want to come to it from a position of strength which we don't have right now; we want to see how this plays out, see what the Town's data looks like and have those conversations when the time is appropriate; put bargaining units on notice that this is a conversation we are going to have to have, we are going to be watching our cash flows like we never have before, we will be watching our collection rate, and at some point we may have to come back and talk about what the future looks like. Ms. Retelle stated that for Avon, there are 9,596 in the labor force, 241 unemployed, or 2.5%, according to the Department of Labor's web site. Mr. Robertson clarified that the interpretation of the language is that there were 9,221 residents that were employed, 8.6% have filed for unemployment out of those previously employed. Ms. Bratton noted that she is concerned as the financial well-being of many Avon residents has been shaken; the public sector has a little more certainty and the private sector is the majority of the Town.

Ms. Salchert commented that she has read the comments made by the public and there is an outcry for shared sacrifice and we have not spoken to whether the non-organized employees were asked, on a voluntary basis. She commented on union employees who work in a different sort of job and if not they would not get the pay and benefits they deserve; non-organized employees are paid quite well. If there were employees who wanted to volunteer for the cliff next year or this year there are people in the Town that would appreciate that.

Debra Chute, Board of Education Chairperson, acknowledged that COVID-19 has personally impacted a member of their Board with the passing of Lisa Seminara's father this past weekend and will keep Lisa and her family in our thoughts and prayers during this difficult time. She gave the following remarks. In an effort to streamline this year's budget process, our budget process clearly looks different in many ways including that the BOE and Town Council members are not participating fully with individual comments

and/or questions in last week or this week's meeting. That said, I thank all the members of the BOE for their hard work and long hours spent on this budget process. I am lucky to work alongside a very dedicated group of individual Board members who are each genuinely invested in the work that we do. Thank you Jay, Jeff, Jackie, Laura, Jason, David, Bogdan, and Lisa for your insights and engagement in this process. This will be a memorable year for all of us. We approach every budget with a keen sense of how to provide a strong education for our students while also being fiscally responsible to our community at large. Rest assured that we have left no stone unturned in crafting this budget and in reducing what we could before we ever presented it to the Town. The current circumstances have drastically changed the way we do business. Our focus must always be on how to best provide healthy and successful learning environments for our students and staff. It is important to remember that we don't have any certainty about what education will look like this fall so we need to prepare for the new reality that additional safety measures will have to be taken. In addition, I think we all know there will continue to be financial concerns and constraints in this uncertain time. Again, rest assured that we as a Board will continue to look for ways to save money as we proceed into the coming year even with the approval of the budget tonight. We have heard the questions and genuine concern for our fiscal future from our resident constituents. We have already begun looking for ways to reduce spending including via our negotiating strategies with our unions and we are hopeful that they will partner with us to address the many pressing financial concerns that the Town of Avon, the State, and nation is grappling with. Let's mindfully approach our decisions with a plan for the future. We are incredibly grateful for our partnership with the Town Council and the Board of Finance. By working together we have avoided the need to hastily cut any further into an already lean budget. I would like to thank Heather Maguire and Tom Harrison for your willingness to work together with me and us to do what is in the best interest of the Town as a whole. Likewise we know that Mr. Robertson has worked closely with Dr. Carnemolla in the same spirit of collaboration and the BOE would like to express our gratitude to you Brandon for engaging as a true partner with our Superintendent. I will wrap up by acknowledging how fortunate we are as a community to have Dr. Carnemolla at the helm of the Avon school district. Her inspired leadership alongside the dedication of her administrative team should not go unnoticed. Our Director of Fiscal Affairs Heather Michaud keeps such close watch on the numbers that we can honestly provide you with accurate accounting to the penny. This budget reflects months of brain power, heart, and respect for the art of teaching our upcoming generations. Thank you.

Dr. Carnemolla thanked Mr. Harrison and the Board of Finance for allowing us to speak tonight and for Ms. Chute for speaking on behalf of the Board of Education. This has been a tremendous amount of work and process that this Board and our administrators and staff on the district side have been engaged in. She responded to a number of questions that were asked at the May 4<sup>th</sup> Budget Meeting and have been written in by the residents which is attached and made part of these minutes. Mr. Harrison thanked Dr. Carnemolla.

Ms. Salchert commented on the Library HVAC geothermal system and that it has not actually been approved; at the Town Council's March 20<sup>th</sup> special meeting there was a general consensus to move forward with the next steps related to the recommended geothermal system for the Library. She added that Mrs. Marin has some ideas about possibly maneuvering capital projects to reduce the hit to Unassigned Fund Balance. She noted that the Town Attorney was participating in the meeting and noticed in Executive Order 7S passed on April 1<sup>st</sup> which does allow for the suspension of in-person voting requirements for bonding and asked what the amount is that would require a referendum. Mr. Robertson responded that between approximately \$870,000 and \$2.5 million would be a special Town meeting and a hand vote; beyond that the special Town meeting would adjourn to a referendum and vote manually. Ms. Salchert commented on uncollectible tax amounts which equates approximately \$500,000 and that it includes non-taxable property. Ms. Colligan responded that is part of the description; we estimate the Elderly Tax Relief Program, firefighters' exemption on their taxes, and we also determine a particular percentage might be transferred to suspense after fifteen years and do a lookback and see what our uncollectible taxes have been; in actuality they run much lower most years; it was kept higher into FY 2020/2021 to take into account any areas they might be risk where we are not going to collect as well.

Mrs. Marin commented that after reading residents' comments, she shared the following list of questions which are no means criticism of the hard work by the Town and Board of Education; she is merely seeking

any other possibilities of reductions; we all want to do right by our the Town; seeking answers and keeping the goals by doing the right thing; our constituents deserve clear and concise answers, if we do not obtain that for them she thinks we have failed as elected officials. Any decision made this evening rests on the shoulders of the nineteen elected officials and our residents are depending on us to do the right thing by them. She has the same concern about now and a few years from now; we have yet to see the true economic impact of COVID-19; she strongly disagrees with the use of UAFB as we may truly need it down the road; she would like to avoid raising taxes to compensate for huge losses or unforeseen expenses that the Town or BOE might face. Her goal is to lead us all to a suggested savings and asking her questions that cover these goals: try to reach a zero percent increase for the Town, keep us from using the UAFB, referred by Mr. Robertson as the “rainy day” fund. She is not looking for any reductions or cuts of those who have been currently employed since March 2020. She wants to apply the surplus by the Town and BOE to the current budget. She wants to look into bonding for capital improvement projects instead of putting it in the budget and dipping into the “rainy day” fund. She thinks there might be other options to look at other than those that have been presented this evening. Mrs. Marin clarified that UAFB, account 43913 is the General Fund UAFB for the whole Town. Ms. Colligan responded that we use that account code for multiple funds, but Fund 01 is the General Fund UAFB. In response to a question from Mrs. Marin, Mr. Robertson responded that he does not have the amount for raises for non-affiliated personnel as a discreet number. Mrs. Marin commented that we are in an unbalanced world right now; we are not asking for pay cuts but potentially forego raises. In response to a question from Mrs. Marin, Mr. Robertson responded that any capital project can be funded through the issuance of debt, it would be a function of the cost and the terms. In response to a question from Mrs. Marin, Mr. Robertson responded that Countryside Park Improvement Project is through Fund 09, a special revenue fund, so it is not funded through the levy. Chairperson Maguire responded that the Cider Brook Project was moved out to FY 2021/2022. Mr. Robertson noted that capital projects are all related to safety in some fashion. In response to a question from Mrs. Marin, Mr. Robertson responded that the Sewer Fund is a special revenue fund, funded primarily through fees that are paid by users of the system; you cannot move money between the special revenue fund and the general fund to offset expenditures. In response to a question from Mrs. Marin, Mr. Robertson responded that regarding COVID-19 savings the Town has a very different business model from the BOE; we haven’t closed; half of our employees are classified as essential workers under the federal law (Dispatchers, Police, Public Works); emergency management personnel are delivering PPEs and social services personnel are seeing an uptick with calls from folks in the community who are in need of assistance; we are where the rubber hits the road; when there are emergencies and additional stress on infrastructure in society there is more pressure on us and more time required to ensure that those services are met; our doors may be locked but we haven’t lost a beat with serving the public; there might be some cost avoidance with electricity as the Library has been closed. In response to a question from Mrs. Marin, Mr. Robertson responded that in the Roadways budget for Public Works we budget for snow/ice removal on a rolling five-year average. He added that you cannot look at budget line items independently; it is a forecast; we had a lower than average year in terms of snow events but in other areas we have incurred additional cost, i.e. COVID-19, on a net basis this is going to end up costing us money. Mrs. Marin commented on the Library HVAC system is an estimated cost of \$860,000; the geothermal system is an estimated cost of \$1.3 million, a cost difference of \$503,000. She asked that the Town Council officially vote on the HVAC system which lowers the budget by \$503,000. She feels that following the cuts made by the Town dated April 29, 2020, there is still some wiggle room in the Town’s budget. For those that have either been laid off, received a pay reduction or are on furlough and for us to provide these raises or add new positions is a lot to ask our people right now. She does not see how any Board of Finance member can ethically vote yes to this proposal right now.

Mr. Birk thanked Avon’s leadership for all of your work with this budget, clearly a lot of work went into it. He is in favor of a zero percent tax increase, using Scenario A. This decision is based on taking the perspective of all Avon stakeholders, including residents, employees, businesses, interested external parties such rating agencies, and last but not least the taxpayers. Taxpayers are facing increased unemployment, underemployment, decreases with bonuses, high probability for raises or pay cuts, portfolio values are going down and a probably outlook for lower returns in the near future, social security is pretty flat, and generally speaking house values haven’t increased. In a year where the federal government has passed the CARES Act with \$3 trillion in financial assistance in response to the coronavirus pandemic it is the right thing to

do to take action right now, especially this year with no referendum. He appreciates Mr. Robertson and Dr. Carnemolla's comments regarding employee pay raises as that is a very sensitive topic among residents employed in the private sector in Avon; and the need to be smart and strategic as we move forward with those conversations. A zero percent tax increase does not come without risk; while the taxes would not increase, spending would increase with much of it sub quitted by a sizable draw down from our rainy day fund and looking ahead, even if spending increases were to be minimal we would likely need to realize a significant tax increase since we are using surplus and foregoing a portion of OPEB contributions to manage to a zero percent tax increase for next year; add in the risk of not receiving intergovernmental revenues, it could look worse. While the Town received guidance from our financial advisor for our UAFB we won't receive comments from the credit rating agencies until after this meeting and it could negatively impact our ratings outlook. He recognizes that risk to our credit quality and future cost of issuing debt. Weighing the risks and the current circumstances I am confident that Avon's leadership can manage to a zero percent tax increase in a reasonable and balanced way and also confident that Avon leadership understands the risk inherent of this approach so Avon can successfully deal with it if and when these risks emerge down the road. He supports a zero percent tax increase.

Ms. Bratton reminded residents that before and up until tonight, the Town Council and the Board of Education created and adjusted the budgets, not the Board of Finance. She noted that the rules affecting businesses and the voting process were made at the Governor's level, not the Town level. We need to maintain the growing need of our first responders especially during these difficult times. She requested that anything saved from the current budget should all go into the UAFB. She noted that private sector and businesses have generously donated in the past for occasions and we should keep that in mind when we think about the taxpayers' money. The financial well-being of many Avon residents has been shaken while the public sector is a little more certain. She is in favor of adopting the budget using Scenario A and take into account any rounding issues.

Ms. Durdan commented on Board members asking about line items in the budget; it has always been told that the Board would address the bottom line. In response to a question from Ms. Durdan, Mr. Harrison responded that there is always the opportunity to ask a question about the components of the budget. She supports adopting the budget using Scenario A.

Mr. Harrison is in favor of adopting the budget using Scenario A.

Mrs. Marin is not in favor of adopting the budget using Scenario A.

Ms. Retelle is in favor of adopting the budget using Scenario A. She hopes that the Town Council revisits the Library HVAC/geothermal system decision or consensus because that is a big savings and does not think we should be using so much from the general fund.

Ms. Salchert is in favor of adopting the budget using Scenario A. She commented that we have to start working on growing the Grand List in other ways, not just the real estate base. This has not been an easy year, it is not an easy budget; the Town officials and their staff, the Board of Education and their staff have worked very hard. We have heard from the public to protect the education budget, protect the education budget, and keep the mill rate flat. This is the time to use UAFB. As quoted by a resident, "Thank you for taking the time to solicit community opportunity and input and for weighing all the different options." She hopes we can continue to do that in the future. She is in favor of adopting the budget using Scenario A.

b. Board of Finance Adopts FY 20/21 Budget

On a motion made by Mr. Harrison, seconded by Ms. Salchert, it was voted:

**RESOLVED:** That the Board of Finance adopts a Budget in the amount of \$98,711,330 for Fiscal Year 2020/2021, using \$1.8 million in Unassigned Fund Balance.

Messrs: Harrison, Birk, and Mmes: Bratton, Durdan, Salchert, and Retelle voted in favor. Mrs. Marin opposed. Motion carried, 6-1.

c. Board of Finance Sets Tax Rate (Mills) for FY 20/21

On a motion made by Mr. Harrison, seconded by Mr. Birk, it was voted:

**RESOLVED:** That the Board of Finance sets the Tax Rate at 32.90 Mills.

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

**IV. NEW BUSINESS**

**19/20-18 Board of Education Request: Non-Lapsing Account**

Dr. Bridget Carnemolla, Superintendent of Schools, and Debra Chute, Board Chairperson, reported that this item will be further discussed at the Board of Education's next meeting on May 19<sup>th</sup>.

On a motion made by Mr. Harrison, seconded by Mr. Birk, it was voted:

**RESOLVED:** That the Board of Finance table item 19/20-18 Board of Education Request: Non-Lapsing Account to their May 18, 2020 meeting.

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

**V. ADJOURN**

On a motion made by Ms. Retelle, seconded by Ms. Salchert, it was voted:

**RESOLVED:** That the Board of Finance adjourn the meeting at 9:18 p.m.

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

Respectfully Submitted,  
Cathy Durdan, Vice Chair/Secretary

Attest: Jennifer Worsman, Clerk

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

<b>Original Proposed Budget = \$99,855,760</b>	
<i>\$2.9 million expenditure adjustment required to achieve a 0.00% tax increase year over year</i>	
Apply \$1.3 million in Unassigned Fund Balance	
= \$1.63 million in adjustments, split:	
30% Town (\$490K)	70% BOE (\$1.145 million)
Town Council identifies \$499K in reductions	BOE identifies \$378K in reductions
<b>NEW Proposed Budget – May 4, 2020 = \$98,978,330</b>	
<i>Includes adjustments of \$499K from Town and \$378K from BOE. <u>Still need to identify \$267K in additional reductions.</u></i>	
Requires a tax increase of 0.88%; Mill rate = 33.19	

<b>Reduce Town's OPEB Contribution by \$267K =</b>	
<i>Total of \$1.15 million in adjustments, split:</i>	
67% Town (\$766K)	33% BOE (\$378K)
<b>May 8, 2020 – Bottom line = \$98,711,330</b>	
<i>Plus \$1.3 million use of Unassigned Fund Balance =</i>	
Requires a tax increase of 0.52%; Mill rate = 33.07	

## SCENARIO A

**To achieve a tax increase of 0.00%; Mill rate = 32.90  
requires:**

Use an additional \$500K in Unassigned Fund Balance  
\$1.3 million → \$1.8 million

- No tax increase required.
- Mill rate will remain at 32.90.

## COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)

FOR THE YEAR ENDING JUNE 30, 2019  
(PAGE 20)

	General	CIFA	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances:				
Nonspendable	43,294		76,931	120,225
Restricted			1,111,995	1,111,995
Committed		6,164,646	3,201,469	9,366,115
Assigned	1,902,980			1,902,980
Unassigned	11,175,459	(269,759)		10,905,700
Total fund balances	<u>13,121,733</u>	<u>5,894,887</u>	<u>4,390,395</u>	<u>23,407,015</u>

## SCENARIO B

To achieve a tax increase of 0.52%; Mill rate = 33.07  
**requires:**

No additional use of Unassigned Fund Balance

- Approach recommended by Town's Financial Advisor.
- More flexibility at the end of the year.
- Tax Impact is approximately \$44.00 per year on a home with a median assessed value of \$267,180.

## SCENARIO A

To achieve a tax increase of 0.00%; Mill rate = 32.90  
**requires:**

Use an additional \$500K in Unassigned Fund Balance

## SCENARIO B

To achieve a tax increase of 0.52%; Mill rate = 33.07  
**requires:**

No additional use of Unassigned Fund Balance