

Board of Finance Budget Workshop 4-9-14
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BOARD OF FINANCE
TOWN COUNCIL
BOARD OF EDUCATION
BUDGET WORKSHOP
WEDNESDAY, APRIL 9, 2014 7:00 P.M.

I. CALL TO ORDER

The meeting was called to order at 7:00 p.m. at the Avon Senior Center by Chairman Thomas Harrison. Members present: Chairman Thomas Harrison, Vice Chairman/Secretary Thomas Gugliotti, Margaret Bratton, Catherine Durdan, Dean Hamilton, James Speich and Brian Stoll. A quorum was present.

II. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Tom Harrison.

III. OLD BUSINESS

13/14-07 FY 14/15 Budget: All Three Boards

Mr. Harrison opened by stating that the meeting, although informally is called a workshop, it technically is a conference. That's the language that appears in the Charter. The Charter requires within a reasonable time of the Public Hearing for the three Boards to confer about the budget and after the conferring, the Board of Finance can make such adjustments in the submitted budget requests that they deem as desirable and then recommend the budget to the voters. As done in the past, Mr. Harrison asked the Town Council and the Board of Education what they took away from the Public Hearing. Mark Zacchio, Town Council Chairman, stated that he felt people are happy with the budget that the Boards had put together for the Board of Finance's consideration. Peggy Roell, Board of Education Chairman, stated that Mr. Zacchio stated everything that she would say.

Brandon Robertson, Town Manager, shared thoughts on the revenue side. From a budgetary perspective, one of the last pieces of puzzle that falls into place on an annual basis is the final net Grand List. The Net Grand List is a critically important number because it essentially drives the mill rate and the tax levy. The reason it is not finalized till late in process is because the Board of Assessment Appeals, by statute, has until the end of March to finalize all of their hearings. In non-revaluation years it typically is not much of an issue, there is not much fluctuation in the net list. Last year there were 4 hearings in the month of March. However, when you have a revaluation it is a different story. Notices go out and you have more appeals. By way of comparison, in March of this year the Board of Assessment Appeals heard 31 appeals from taxpayers over the course of 5 meetings. The result of all of those hearings is a further reduction in the Net Grand List. Though last night we were discussing a Net Grand List of \$2,562,714,510 and a Mill Rate of 28.32 was a function of that list. That's what gave us the new tax levy to support new spending in the proposed budget. The Board of Assessment Appeals through the hearing process reduced about \$3.62 million off the Net Grand List. The bottom line to that, because there is a lower Net Grand List and the mill rate at 28.32 does not generate the levy necessary to support the proposed budget. There is a shortfall of about \$102,000. We can increase mill rate to 28.3602 or the easier way is to find a revenue of \$102,000. In the beginning of the budget process there were a number of adjustments to the revenue side. Building permit fees, conveyance fees and a number of smaller fees were increased. Mr. Robertson was aware that there was some room in the supplemental motor vehicle line item, but no adjustments were made at that time in

anticipation of the reduction in the Net Grand List. He suggests the Board of Finance, add \$102,914 back into the motor vehicle supplemental line item that will bring us back to 28.32 mill rate. There were no other recommendations in the revenues.

In response to a question from Mr. Speich, Mr. Robertson stated in the \$3.62 million Net Grand List reduction there was no single large appeal, it was a series of small items. Mr. DerAsadourian did not highlight any large commercial appeal. The Town has only received one court appeal.

There were no other questions or comments from Board members. Mr. Mala added he thinks the proposed budget is fair and responsible.

Mr. Harrison asked that as each member of the Board of Finance discusses what he or she proposes to do regarding the pending budget requests that they also state if they support a motion to adjust the revenue estimate and the supplemental motor vehicle budget item by \$102,914.

Margaret Bratton thanked the Town Council, the Board of Education and all the employees that back them up for all of their hard work. She is in favor of the budget with Mr. Robertson's line item change. She asked that everyone keep in mind that while many homes will have a net decrease in taxes because of the revaluation, many homes and most businesses will have an increase causing resident business owners to possibly be hit twice with tax increases.

Catherine Durdan stated she has been commenting on budgets for the last 10 years. She thanked the Town Council, the Board of Education, Mr. Mala, Mr. Robertson, Mr. Bartha and Ms. Colligan. She also thanked Mr. Stokesbury and Ms. Zirolli for their monthly updates. She stated that she really appreciates the budget as it is prepared today, it is so much easier to follow and understand. She appreciates that the proposed budget addresses the needs of the town and the schools, it meets the salary and benefit increases while achieving the improvements where needed. She is proud that given it is a revaluation year we have not had to touch the surplus. She will support the resolution on the supplemental adjustment and the 2.66% mill rate increase.

Dean Hamilton stated that most of us in Avon live in valley, between the hills and the mountains, and a lot of us don't feel the economic boost we really expect to feel five years after the so called summer of recovery. As taxpayers we always have to separate our needs from our wants with our own budgets. Here he sees a truly pragmatic focus among the Town Council, the Board of Education and the Board of Finance, working creatively within confines and strictures of contracts and laws. The Town Council and the Board of Education have given very thoughtful consideration to support all the different parts of our community. He wholeheartedly supports the proposed budget with the supplemental motor vehicle appropriation by the Town Manager.

Thomas Gugliotti supports supplemental adjustment to make this work. He stated that this is the point in the proceedings where he usually makes a defensive speech, he doesn't feel a need to do that. He is glad that it is going in the right direction.

James Speich would like to apologize for missing the Public Hearing. He did review budgets and couldn't be more pleased with the reasonable and realistic budgets the Town Council and the Board of Education have presented not only this year but over the past few years. He thinks this is why we see the lack of a crowd at the Public Hearings, voters are looking at the budgets and saying that these are very reasonable. We are going after what we need to go after. He thinks that a lot of it is the cost savings that everyone has come up with. The Board of Education working with the Town, have developed a strong energy policy. Of course there's always the hard part, 98% of the budget is spoken for by salaries and health care on the Board of Education side and on the Town side, not as much. So there is not a lot of wiggle room. As the Grand List grows a little bit, not a lot, it shows the economics are turning around. He is very much in favor of the budget as presented at the 2.66% mill rate increase and agrees with the adjustment for motor vehicle revenue. He stated that we have the lowest taxes in the valley and thinks it is incredible what Avon can do with the money it has and how it drives people to the town of Avon. We should be proud of everyone that works for Avon, we appreciate the hard work everyone does, and thinks it's a great place to live. He likes the fact that his taxes are the lowest in the

valley.

Brian Stoll echo's a lot of what has already been said. Clearly the budgets are responsible and reasonable both from the Town Council and the Board of Education. He thinks that the items that are in there are needs that the Town & schools have. He would rather see a little more in the budget rather than less. He wants to make point because he is not sure it came through in the presentation on Monday that the residential impact on individuals will likely be less than 2.66%. Commercial properties went up in value versus a 5% on average decrease on residential properties. If we weight that out everybody's individual impact is different, but in aggregate the residential impact will be less than the 2.66%. This is an important point for voters to understand. In terms of the revenues, they have been strong in recent years, we have been hitting budgets. Expenses have come in under budget. We are at our targeted surplus of over 10%, he hears rumors we may want to go up to 15%, but it has made progress every year that he has been on the Board. He encourages both boards to spend prudently we, as always do, but make sure we get what's in budget, we need it. When you look at the budget we are up 2.66%. Salaries are up 3%, roughly 80% of the budget, the math says the rest of the budget is relatively flat outside of salaries. That means we are making due, as Jim said. We are doing more with less, and doing it very well. He doesn't think we can sustain that indefinitely but as long as we can, that's terrific. The Capital spending in the budget is needed it is offset by debt reduction. Future years where this offset is not available, he hopes we keep an eye to what we need as a town. Finally, he thanked Mr. Robertson for finding the motor vehicle supplemental revenue adjustment. He support it and he supports the budget as submitted.

Thomas Harrison stated that a lot of his thoughts have already been expressed. His 3-R- test for budgets (are they responsive, are they rationally based, and are they realistic) have all been met this year. He thinks in a challenging economy both Boards have done very well prioritizing. He appreciates the effort the Town Council & Board of Education made to look at priorities and to come up with realistic budgets. He supports the adjustment for the supplemental motor vehicle to keep the mill rate increase at 2.66%. He will join all six of his colleagues in recommending with that one adjustment on the revenue side, the budgets as otherwise submitted.

On a motion made by Tom Harrison, seconded by Margaret Bratton, it was voted:

RESOLVED: That the Board of Finance adjust the supplemental motor vehicle by increasing revenues by \$102,914.

Messrs: Harrison, Gugliotti, Hamilton, Speich, Stoll and Mmes: Bratton and Durdan voted in favor.

On a motion made by Tom Harrison, seconded by Brian Stoll, it was voted:

RESOLVED: That the Board of Finance submit the 2014/2015 Annual Budget in the amount \$83,887,095

Messrs: Harrison, Gugliotti, Hamilton, Speich, Stoll and Mmes: Bratton and Durdan voted in favor.

IV. NEW BUSINESS

There was none

V. OTHER BUSINESS

There was none

VI. ADJOURN

On a motion made by Tom Gugliotti, seconded by Dean Hamilton, it was voted:

RESOLVED: That the Board of Finance adjourn the meeting at 7:25 p.m.

Messrs: Harrison, Gugliotti, Hamilton, Speich, Stoll and Mmes: Bratton and Durdan voted in favor.

Respectfully Submitted,

Thomas A. Gugliotti, Secretary

Attest: Mary Marinello, Clerk

All referenced material will be available to the public in the Town Clerks office.