

**BOARD OF FINANCE
REGULAR MEETING MINUTES
March 30, 2015**

I. CALL TO ORDER

The meeting was called to order at 7:03 p.m. at the Avon Town Hall by Chairman Thomas Harrison. Members present: Chairman Thomas Harrison, Vice Chairman/Secretary Thomas Gugliotti, Margaret Bratton, Catherine Durdan, Dean Hamilton and Brian Stoll. James Speich was absent. A quorum was present.

II. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Thomas Harrison. Sam Finch, a student from Avon High School, and his mother are here as part of a Boy Scout communication merit badge project.

III. COMMUNICATION FROM THE AUDIENCE

Kathy Zirolli, liaison for the Board of Education reported salaries are running on track and anticipated savings are listed in the included report. In reading the minutes from last month, she noted that Mr. Gugliotti asked for some information and the summary of student activity internal controls was provided to the Board and included in this month's packet.

IV. MINUTES OF PRECEDING MEETING:

February 23, 2015 Regular Meeting

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

RESOLVED: That the Board of Finance approves the minutes of the February 23, 2015 Meeting as drafted.

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

V. OLD BUSINESS

14/15-07 Review and Discussion: FY 15/16 Budget Process

The hearing is April 13th at the Senior Center. There is a draft of the slides in the meeting packet. There were no changes recommended since the last meeting. In response to a question from Mr. Gugliotti, Mr. Harrison stated he will provide a definition of the equalized mill rate. Ms. Colligan stated the definition can be found in the glossary of the budget book. Mr. Hamilton noted the town web address needs to be updated in the footer. Mr. Stoll suggested adding clarification on slide 6 to indicate the difference is due to Grand List growth in its own row above mill rate needed. In slide 13 he suggested it would be helpful to show the percentage above the bars.

VI. NEW BUSINESS

14/15-15 Long Range Financing Plan-Dennis Dix (Financial Advisor)

Mr. Harrison introduced Mr. Dix who noted he is the senior practicing municipal advisor in the State of Connecticut. He gave a status report on the debt of the town. Mr. Gugliotti noted for the

benefit of audience guests, that Avon typically incurs debt when we build things. A PowerPoint presentation was given by Mr. Dix. He stated Avon is a AAA rated town and was first in the Farmington Valley to be so rated. He stated the key in any analysis is the ability and willingness to pay. Avon is #17 in the state based on per capita income, almost double the national average. #1 is the Borough of Fenwick based on the population of 43 people. Mr. Dix stated long range financing is typically accomplished through bonds which can mature anywhere from 3 to 30 years. The take away from the discussion is that every year as Avon pays off its debt, it accumulates the ability to borrow more. Based on the commitment to annual debt service payments of 1.5 mills, the town has the ability to issue new bonds without affecting the tax rate at all. In terms of credit strength, Avon is strong. Mr. Robertson confirmed that the town's strategy over the past five years has been to take realized capacity and allocate those funds to capital outlay which are typically one year projects. In response to a question from Mr. Gugliotti, Mr. Dix stated that if you borrow from fund balance (yourself) to pre-fund a project that is later bonded, there is no penalty from rating agencies because it becomes a neutral transaction.

14/15-16 Supplemental Appropriation, Treated Road Salt, \$43,000

A memo from Bruce Williams to Brandon Robertson dated February 12, 2015 was included in the meeting packet detailing the background for the request of the additional 500 tons of salt. The Town Council approved the request at their March meeting. In response to a question from Mr. Stoll, Mr. Robertson could not state the current balance of salt tonnage. He stated we buy it off the state bid list. There was discussion of when the appropriate time to purchase salt for next winter would be.

On a motion made by Margaret Bratton, seconded by Cathy Durdan, it was voted:

RESOLVED: That the Board of Finance hereby appropriates a sum not to exceed \$43,000 from Town Road Aid Fund, Other Financing Sources, Unassigned Fund Balance, Account #08-0390-43913, to Town Road Aid Fund, Snow and Ice Removal, Materials-Other, Account #08-3103-52239 for the purpose of purchasing additional treated salt.

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

14/15-17 Supplemental Appropriation, Road Improvement Program, \$662,384

A memo from Bruce Williams to Brandon Robertson dated February 27, 2015 was included in the meeting packet. Mr. Harrison stated that if we did not do it this way, it would be in next year's budget. This way it is moved up and we can start the paving sooner. In response to a question from Mr. Gugliotti, Mr. Robertson stated that a fee is not associated with Woodford Avenue because they are looking at that location as a pass-through based on work performed by Avon Water Company. In response to Mr. Gugliotti's follow up question Mr. Robertson stated that although the listed streets in the memo do not include all roads with winter pothole issues, it does not preclude some of this funding being used for them. In response to Mr. Gugliotti's question of how the town determines which roads are slated for milling and repaving, Mr. Robertson stated there is a formal paving management program that was started about ten years ago to manage the 112 miles of town roads. An outside company is used who assigns a road surface rating from cracks to full reclamation with cost estimates. The DPW uses this as baseline and reassesses conditions based on changes over the winter and may change priorities. We do coordinate and notify the state of problems with state roads in town.

On a motion made by Thomas Gugliotti, seconded by Margaret Bratton, it was voted:

RESOLVED: That the Board of Finance hereby appropriates a sum not to exceed \$662,384 from Account #01-0390-43914, General Fund, Other Financing Sources, Assigned To Capital Reserve and transfer from Account #01-8700-58000, General Fund, Other Financing Uses, Interfund Transfers Out

to

Account #02-4831-53003, Capital Projects Fund (Facil & Equip), Town CIP – Facil/Road Overlay, Road Overlay, and Account #02-0390-43918, Capital Projects Fund (Facil & Equip), Other Financing Sources, Interfund Transfers In, in the amount of \$662,384 for road improvements.

Messrs: Harrison, Gugliotti, Hamilton and Mmes: Bratton and Durdan voted in favor. Mr. Stoll abstained objecting to how the project is funded.

VII. TOWN MANAGER'S REPORT

A. Monthly Financial Report Summary

Details were included in the packet report dated period ended 2/28/15 prepared and reported by Ms. Colligan. She stated it continues to be positive on the revenue side and looking ahead collections are running in line with projections. On the expenditure side the fund balance percentage was brought down slightly to 10.95% after paying a heart and hypertension claim. Public Works successfully stayed within their budget appropriations. We are watching utilities and we anticipate an expenditure exceeding the appropriation. We currently don't anticipate a return of appropriation. The only negative item to report is reimbursement from the state. This account will be balanced through internal account transfers. In response to a question from Mr. Stoll, Ms. Colligan stated town expenditures are lower than projected due to timing issues on debt service. We have large debt service payments in June. Ms. Colligan will provide a PURA update at the next meeting.

B. Old Farms Road and Bridge Project

Mr. Robertson provided an update on the current status of the project. He stated we have two projects in play. One is Old Farms Road from the intersection with Tillotson Road to the intersection with Thompson Road and the second is the bridge at the intersection with Waterville Road. The State had agreed to fund 100% of the design, permitting and construction of the bridge and related intersection improvements. The issue here is that Avon must front the funding to our consultant which is about \$400,000. We are requesting a supplemental appropriation from unassigned fund balance to enter into the contract with the company. This will be presented at the next Town Council meeting and then it will come before the Board of Finance for approval. In response to a question from Mr. Stoll, Mr. Robertson stated that it will be less than six months to receive reimbursements and that they will be progress payments. As invoices are incurred they will be submitted for reimbursement. In terms of the road project, this is to do a feasibility analysis to relocate that portion of Avon old Farms Road. The State will be paying 90% of the project cost on a reimbursement basis. Although it is a study, it will include a public input component. It will determine if the project meets the criteria for a category 1 permit through the Army corps of Engineers. This study will get us to the

point of a go/no go for a referendum. In response to a question from Mr. Stoll, Mr. Robertson stated the 7.6 million estimate used in the presentation by Mr. Dix reflects an estimate for the Town portion of construction costs of the road relocation from Tillotson to Thompson roads. It is anticipated that it will be a 80% town/10% State/10% Federal funded project. In response to a question from Mr. Gugliotti, Mr. Robertson stated that in order to secure funding for the feasibility study, the Town had to demonstrate that there was independent utility between the East-West section and the North-South section.

C. Miscellaneous Updates

Mr. Robertson stated there is a lot of activity with state budget. There is a projected Shortfall between \$130 million and \$175 million. He doesn't think we'll see reduction in revenue this year, but for next year there is an even larger deficit projected. Senate Bill 1 affects the car tax. There is movement for a statewide standardized mill rate. All funding would go to the state & the state would reimburse towns for lost revenue. The consensus is it won't go anywhere this year, but it keeps coming up in discussions. There is also discussion of the Mental-Mental mandate that expands workers compensation coverage. This would be insured through workers compensation insurance. It would be a large expansion in coverage. It was noted that this coverage was repealed in California. In response to a question from Ms. Bratton, Mr. Robertson stated that there was a Bill floating around that had to do with revenue sharing for commercial & industrial development. He was unfamiliar with the details.

VIII. OTHER BUSINESS

Keshav Rao - 88 Thompson Road

Mr. Rao wanted to know where the relocated road will be. Mr. Robertson stated all locations are preliminary and can be found on the town's web site, under the engineering department there are a couple of maps posted. In response to a follow up question Mr. Robertson stated the town and Old Farms School have been partnering on this for years to either improve the road where it is or to move it. By moving it the town accomplishes several goals. It get a wider road and it acquires open space from the school so we would have a corridor from the M & H Rhodes property east to connect to town owned property off Tillotson Road.

IX. EXECUTIVE SESSION

There was none

X. ADJOURN

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

RESOLVED: That the Board of Finance adjourn the meeting at 8:21 p.m.

Messrs: Harrison, Gugliotti, Hamilton, 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 Clerk's office.