

**BOARD OF FINANCE
REGULAR MEETING MINUTES
FEBRUARY 27, 2017**

I. CALL TO ORDER

The meeting was called to order at 7:02 p.m. at the Avon Town Hall by Chairman Thomas Harrison. Members present: Chairman Thomas Harrison, Vice Chairman/Secretary Thomas Gugliotti, Jeff Bernetich, Margaret Bratton, Catherine Durdan, Dean Hamilton and Michael Oleyer. A quorum was present.

Mr. Harrison welcomed Jennifer Worsman as the Board's new Clerk.

II. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Tom Gugliotti.

III. COMMUNICATION FROM THE AUDIENCE
(Including Board of Education Liaison Report)

Ken Birk, liaison for the Board of Education (BOE), reported that the BOE has not met since December; starting December 31st our Business Office Manager begins to publish our estimate unexpended balance for the year which decreased \$154,000 to \$343,000 or 0.63% of the approved budget and in February we book the employer health insurance contribution. At the BOE's December meeting they approved the Superintendent's proposed FY 18 operating budget with a 3.38% net increase in spending and the Superintendent is always available for any questions. The BOE also approved the Town Manager's proposal for the artificial field project at Avon High School subject to a later concurrence of the turf fill and presence of BOE member on a Building Committee related to that project. They look forward to the tri-board meeting to discuss the Governor's budget impact.

IV. MINUTES OF PRECEDING MEETING:

December 19, 2016 Regular Meeting

On a motion made by Tom Gugliotti, seconded by Cathy Durdan, it was voted:

RESOLVED: That the Board of Finance approves the minutes of the December 19, 2016 Regular Meeting as drafted.

Messrs: Gugliotti, Bernetich, Oleyer and Mmes. Bratton and Durdan voted in favor. Messrs: Harrison and Hamilton abstained.

V. OLD BUSINESS

16/17-03 Review and Discussion: FY 17/18 Budget Process

Mr. Harrison commented that the post-public hearing budget workshop has been held at the Senior Center for several years but attendance has been minimal and we could consider moving it to Town Hall but given the controversy with the budget we should keep it at the Senior Center one more year.

Mr. Robertson reviewed the handout with the Board regarding the impact of the Governor's proposed budget on the Town Manager's proposed budget. \$737,139 is the General Fund impact

of all the Governor's revenue changes that the Town receives from the State. The State is making all communities responsible for one-third of their annual required contribution to the Teacher's Retirement Fund; the towns had no role in this Fund other than a 6% contribution required from employees in the plan through the Board of Education. To keep things equal we have to make up for the revenue reduction which means increasing the levy and the mill rate; with the Teacher's Retirement Fund there is no offsetting revenue so the levy has been readjusted and would further raise the mill rate to a level that generates the dollars to support it. There is a major shift from the State to the towns since the State budget on a year over year basis is increasing about \$321M with a corresponding \$319M reduction to municipal aid and a shift between the municipalities where larger cities are seeing net increases in their funding, 138 towns/cities are receiving a net reduction in revenue, and 17 of those towns/cities, one is Avon, become net payers to the State.

In response to a question from Mr. Harrison, Mr. Robertson stated we are the only ones in the Valley to take a hit like this. In response to a question from Mrs. Bratton, Mr. Robertson stated there is a correlation between the effective tax rate and underlying wealth levels; Avon's effective tax rate is around 2.08%, a breakeven point is around 2.25%, and the lower effective tax rate gets hit disproportionately. In response to a question from Mr. Gugliotti, Mr. Robertson stated that the reduction in aid is what the State is managing to. In response to a question from Mr. Gugliotti, Mr. Robertson stated that the Teacher's Retirement Fund is an actuarial split. In response to a question from Mr. Gugliotti, Mr. Robertson stated that over the last two valuation cycles in 2014 and 2016 the plan has lost value and this amount if approved will be there forever and only get worse. There are questions about how the State can do this to us; some communities are getting a legal opinion; there may be language in the plan document pertaining to funding responsibility. He stated that the Appropriations Committee will come out with their proposed budget by the end of April. In response to a question from Mr. Hamilton, Mr. Robertson stated that LOCIP does not carry to the General Fund as it is its own Special Revenue Fund. In response to a question from Mrs. Bratton, Mr. Robertson stated that PILOT is payment in lieu of taxes, for example, the Governor's Horse Guard property. Farmington and Mansfield have UCONN. Mr. Gugliotti noted that Hartford takes a bit hit with an abundant amount of non-taxable property. In a response to a question from Mrs. Durdan, Mr. Robertson stated that the Hartford Healthcare facility is taxable. Ms. Colligan noted that the healthcare facilities are privately owned and leased and not owned by the hospital. In response to a question from Mrs. Bratton, Mr. Robertson stated there is revenue sharing from the State for having casinos. In response to a question from Mr. Oleyer, Mr. Robertson stated that the teacher's pension is not in their contract; the vehicle is State statute. Mrs. Bratton stated that we are at the mercy of the arbitrators. Mr. Gugliotti stated that the ability to pay hurts Avon. Mr. Robertson referenced the latest arbitration with the Avon Police Department.

In response to a question from Mr. Gugliotti, Mr. Robertson stated that the worst case scenario results in a 7.79% mill rate increase, 4.71% Governor's budget and 3.08% Town Manager's proposed budget. In response to a question from Mr. Gugliotti, Mr. Robertson stated that the 2.5% municipal cap is still currently in effect and if it carries we could lose one-half of the Municipal Revenue Sharing Grant. In response to a question from Mrs. Bratton, Mr. Robertson stated that the Superintendent of Schools could better answer the change in education grant naming. In response to a question from Mrs. Bratton, Mr. Robertson stated that the town grant funding is not tied to a specific project.

Mr. Harrison stated timing is a problem as the State budget may not be decided until early June; we are locked in by the Charter with a budget in place for July 1st. At the April workshop do we

budget conservatively or not? The sense is to budget based on the Governor's budget. Mr. Robertson stated the revenue side will likely stay but the pension piece is uncertain. Mr. Hamilton commented that the referendum is going to choose. Mr. Gugliotti commented that we could tax more than we should or we will be coming up with the shortfall. Mr. Robertson highlighted the referendum process. He is discussing options with the Town Attorney. In response to a question from Mr. Bernetich, Mr. Robertson stated that a 7.79% mill rate increase on a \$330,000 assessment is about \$870. Mr. Bernetich stated that community outreach would be helpful. Mr. Hamilton suggested adding the tax calculator to the Assessor's page earlier so taxpayers can see the potential effect on their taxes. Mrs. Durdan commented that the Taxpayers' Association meeting was well attended. Mr. Robertson will work with Superintendent Mala and send updated numbers out to the community and inform about the upcoming special meeting. Ms. Colligan noted that the budget public hearing presentation development is on hold until after the special meeting.

VI. NEW BUSINESS

16/17-09 Appropriation from Capital Fund Balance Assignment for Old Farms Road Project, \$55,000

Mr. Robertson provided background information in the meeting packet. LOTCIP applications are due in December, an engineer has been identified to assist with application materials and we want to start that process now. \$125,000 is being recommended in the FY 18 capital budget for design and development. In response to a question from Mr. Harrison, Mr. Robertson stated money was advanced from surplus and goes back through State reimbursements. Ms. Colligan noted that \$340,000 of the \$740,000 has been replenished.

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

RESOLVED: That the Board of Finance hereby appropriates a sum not to exceed \$55,000 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 #02-4829-53425, Capital Projects Fund (Facil & Equip), Town CIP-Facilities, Old Farms Rd Rehab. Design, in the amount of \$55,000, and Account #02-0390-43918, Capital Projects Fund (Facil & Equip), Other Financing Sources, Interfund Transfers In, in the total amount of \$55,000, for the purpose of funding the initial design and permitting for the OFR project.

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

16/17-10 Appropriation from Fisher Meadows/Fisher Old Farms Special Revenue Fund (\$217,836) and Fee In Lieu of Open Space Special Revenue Fund (\$217,836) and Fisher Meadows Field Expansion Project

Mr. Robertson provided background information in the meeting packet. He is recommending \$250,000 in the FY 18 capital budget. He noted that the original estimate for this project was over \$1 million and now with in-house services from Department of Public Works the cost is down to \$685,000. In response to a question from Mr. Harrison, Mr. Robertson stated that four fields are for practices. In response to a question from Mr. Oleyer, Mr. Robertson stated we hope to break ground late March/early April and have at least two fields online for the fall and the rest ready for next spring. In response to a question from Mrs. Bratton, Mr. Robertson stated that the synthetic turf fields are being proposed at the Avon High School. In response to a question from Mr. Hamilton, Mr. Robertson stated that capacity/use analysis has been done and the fields are needed.

On a motion made by Tom Gugliotti, seconded by Cathy Durdan, it was voted:

RESOLVED: That the Board of Finance hereby appropriates a sum not to exceed \$217,836 from Open Space Fees Fund, Other Financing Sources, Unassigned Fund Bal Open Space, Account #06-0390-43913, and transfer from Open Space Fees Fund, Other Financing Uses, Interfund Transfers-Out, Account #06-8700-58000; and an appropriation not to exceed \$217,836 from Fisher Meadow Maintenance Fund, Other Financing Sources, Undesignated Fisher Meadow Fund Balance, Account #12-0390-43913, and transfer from Fisher Meadow Maintenance Fund, Other Financing Uses, Interfund Transfers-Out, Account #12-8700-58000, to Capital Projects Fund (Facilities & Equipment), Town CIP-Facilities, Fisher Meadows Field Expansion, Account #02-4829-53407 and Capital Projects Fund (Facilities & Equipment), Other Financing Sources, Interfund Operating Transfers-In Account #02-0390-43918 in the total amount of \$435,672, for the purpose of funding the Fisher Meadows Field Expansion Project.

Messrs: Harrison, Gugliotti, Bernatch, Oleyer and Mmes. Bratton and Durdan voted in favor. Mr. Hamilton abstained. Motion carried.

VII. TOWN MANAGER'S REPORT

A. Monthly Financial Report Summary

Details were included in the packet report dated period ended 1/31/17 prepared and reported by Margaret Colligan. Under Intergovernmental, reduction in LoCIP grant funds will have an impact for the year. In response to a question from Mrs. Bratton, Ms. Colligan stated that Unassigned Fund Balance with full reimbursement would convert to 11.09%. Mr. Birk referred to the BOE Financial Summary Report and updated the last line, "As of December 31, 2016 approximately \$497,000 or 0.91% of the total budget is estimated to be the remaining balance at June 30, 2017."

B. Miscellaneous

Mr. Robertson stated that the auditors will present the CAFR at next month's meeting.

VIII. OTHER BUSINESS

Mr. Gugliotti informed the Board that he will not be running for re-election in the fall. He has served as a member of this Board for 24 years. Mr. Harrison stated that Mr. Gugliotti will be missed.

IX. EXECUTIVE SESSION – No items discussed.

X. ADJOURN

On a motion made by Tom Gugliotti, seconded by Cathy Durdan, it was voted:

RESOLVED: That the Board of Finance adjourn the meeting at 8:25 p.m.

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

Respectfully Submitted,
Thomas A. Gugliotti, Secretary

Attest: Jennifer Worsman, Clerk

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