

**BOARD OF FINANCE
REGULAR MEETING MINUTES
APRIL 27, 2020**

I. CALL TO ORDER

The meeting was called to order at 7:19 p.m. via GoToMeeting 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.

III. COMMUNICATION FROM THE AUDIENCE - None

IV. MINUTES OF PRECEDING MEETING:

January 27, 2020 Meeting

On a motion made by Margaret Bratton, seconded by Ellen Retelle, it was voted:

RESOLVED: That the Board of Finance approves the minutes of the January 27, 2020 Meeting minutes as drafted.

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

February 24, 2020 Meeting

Page 2, Item 19/20-14, 1st sentence, add to the end of the sentence, “and the Town pays for the gasoline.”

On a motion made by Ellen Retelle, seconded by Katrina Marin, it was voted:

RESOLVED: That the Board of Finance approves the minutes of the February 24, 2020 Meeting minutes as amended.

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

On a motion made by Cathy Salchert, seconded by Ellen Retelle, it was voted:

RESOLVED: That the Board of Finance move up item 19/20-17 COVID-19 FY 20 Budget Impact before Old Business.

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

V. OLD BUSINESS

19/20-05 Review and Discussion: FY 20/21 Budget

The Board discussed the budget process and concurred to forego a presentation for the Budget Meeting on Monday, May 4th since the Town Council and Board of Education are meeting this week to potentially make further reductions to their proposed budgets. It was noted that residents’ budget comments will be included as attachments to the Budget Meeting and Budget Workshop minutes respectively.

VI. NEW BUSINESS

19/20-15 Appropriation from Police Special Services Fund (Fund 7): Police Vehicle, \$59,000

In response to a question from Ms. Salchert, Mr. Robertson responded that we have had a plan to replace police vehicles with a balance in our Special Services – Special Revenue Fund account; the revenue source is from special duty jobs and dedicated to this purpose. He noted that we want to place a large order at the same time, this vehicle request with four more in the capital budget effective July 1st.

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

RESOLVED: That the Board of Finance hereby appropriates a sum not to exceed \$59,000 from Police Special Services Fund, Other Financing Sources, Unassigned Fund Balance, Account #07-0390-43913, to Police Special Services Fund, Special Services, Vehicles, Account #07-2109-53311, for the purpose of purchasing a new police vehicle and the in-vehicle set-up.

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

19/20-16 Appropriation from Town Aid Road (Fund 08): Road Improvements, \$250,000

Mr. Robertson noted that for the proposed FY 21 capital budget we had to supplant dollars to make room for the replacement of the HVAC system at the Library; we reduced the general fund capital budget and are requesting the appropriation from some of the remaining from Town Aid Road which has a current balance of approximately \$670,000; in addition it would be available to get a head start on road work for the spring. In response to a question from Ms. Bratton, Mr. Robertson responded that lower oil costs could also allow for an additional savings. In response to a question from Ms. Salchert, Mr. Robertson responded that the proposed capital budget has been reduced by \$250,000 to make room for the HVAC system and used another special revenue fund to appropriate the road improvement dollars and referenced R7 of the budget book. In response to a question from Ms. Salchert, Mr. Robertson responded that other capital projects removed to accommodate the Library HVAC system replacement were the Avon Middle School paver replacement project, Roaring Brook School intrusive alarm, two trucks, and Countryside Park improvements.

On a motion made by Tom Harrison, seconded by Cathy Salchert, it was voted:

RESOLVED: That the Board of Finance hereby appropriates a sum not to exceed \$250,000.00 from Town Road Aid Fund, Other Financing Sources, Unassigned Fund Balance, Account #08-0390-43913, to Town Road Aid Fund, Town CIP – Facil/Road Overlay, Road Overlay, Account #08-4831-53003 for the purpose of road improvements.

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

19/20-17 COVID-19 FY 20 Budget Impact

Dr. Carnemolla, Superintendent of Schools, and Heather Michaud, Director of Fiscal Affairs, were in attendance. Ms. Retelle inquired about the analysis of the current budget in terms of surpluses and losses for both the Town and Board of Education. Mr. Robertson responded there is not much to say yet; it has only been six weeks; to date we have seen a small dip in building permit fees, however recordings have remained strong; too early to see a change in delinquencies or foreclosures; Town operating budget has been pretty limited and as far as direct impact, we had to pay for a subscription to conduct virtual meetings; from the start we have been recording any expenditures that are COVID-19 related so there is an opportunity cost and should receive federal reimbursement at some point as the first report isn't due until January 1st. In response to a question from Ms. Retelle, Mr. Robertson responded that we have not received any messages from business owners or homeowners having difficulty paying property taxes due to layoffs, etc. He noted that we have received e-mails from taxpayers regarding the FY 21 budget and those could be interpreted that people do not want to incur a property tax increase due to an inability to pay. He added that another place to watch will be unemployment numbers in Avon which is currently updated through the beginning of March on the State's Department of Labor web site; Avon is around 3% right now. In response to a question from Ms. Retelle, Mr. Robertson responded that no financial forecasting has been done in the event of a significant tax payment drop; we are not seeing a significant cost impact due to a COVID-19 in terms of the Town budget; offices are still operating with staff, we may see a dip in utility expenses; the Library has been closed; Public Works may not have had the same number of vehicles on the road; hard to look at anything specifically. Ms. Retelle stated it is important as a Board member to ask these questions about the budget and be informed in her vote with next year's budget. In response to a question from Ms. Bratton, Mr. Robertson responded that everything has stayed the same with Town employees, no salary reductions or furloughs, and all are actively working their regular hours either in the office or remotely.

Ms. Salchert inquired if we are tracking any changes going forward to the end of the fiscal year to see if it is making a difference or not. Mr. Robertson responded that as a matter of course we would be reporting this in the monthly financial report. In response to a question from Mrs. Marin, Mr. Robertson responded that about half of the workforce is non-affiliated; there are open positions that shall be filled; any proposed adjustments will be discussed with the Town Council on Wednesday.

Dr. Carnemolla reported that potential COVID-19 savings or losses is difficult to determine at this point; utility savings is expected for electricity and water; food services is operating at a loss between \$200,000 and \$250,000 if we are closed until the end of the year as we serve approximately 60-65 students and some will be reimbursed but not until the next fiscal year; there is substitute coverage savings; employee benefits/unemployment savings; athletic programs/activities savings with salaries/transportation; office supplies savings; other unanticipated costs include PPE supplies and custodial supplies. She noted that there is a Board of Education meeting tomorrow night where they will discuss any savings projection. In response to a question from Mrs. Marin, Dr. Carnemolla responded that the Governor's order required us to keep making payments to bus drivers; our contract is paid up front; Shipman and Goodwin is negotiating contract adjustments based on services not being utilized due to COVID-19. In response to questions from Mrs. Marin, Dr. Carnemolla responded that there are about 14 non-affiliated employees; there were open positions due to retirements but have not been moved on yet and will be required to fill; with regard to raises, nearly 500 employees are part of contract obligations; we are in the middle of contract negotiations with several of our units (i.e. food service); non-affiliated contracts have not yet been negotiated (i.e. IT staff). In response to a question from Ms. Bratton, Dr. Carnemolla responded that teachers are still working the same or more hours, either via virtual classrooms and/or phone, depending on the grade level. In response to a question from Mrs. Marin, Dr. Carnemolla responded that the Board of Education (BOE) put together a budget that at the time was as close as we could get to a zero percent increase; we don't know yet what school looks like next year, including the summer based on State extended school year requirements; need to think about the financial constraints we might encompass from a compensatory education stand point; majority of our budget is staff, about 79% of the BOE budget and most of that is teachers; a zero percent increase would require \$2.7 million in cuts from the current proposed budget. She noted that we might be able to pre-buy classroom materials. In response to a question from Ms. Bratton, Dr. Carnemolla responded that all paraprofessionals are currently working, however there is a physicality of services that we cannot do right now and will have to make up for that in-person time. She added that the only people in their district who are unable to work a full schedule are their safety and security specialists and are under a union contract of which the Governor's order required us to pay them. In response to a question from Ms. Salchert, Ms. Michaud responded that the BOE's total requested increase is \$2.7 million and 65% of the increase itself including raises, salaries, and add on staff carried over from the current year; overall, salaries account for between 79-83% of the budget; the breakout is on the Board of Education web page. In response to a question from Ms. Salchert, Dr. Carnemolla responded that step increases for teachers depends on the year of their contract. Ms. Salchert commented that people are taking salary cuts or being furloughed. Mr. Harrison commented that several years ago teachers froze their salaries during one academic year during a budget process. Ms. Bratton recalled that their salary increases were postponed. Dr. Carnemolla responded that is correct. She added that we are going by what our counsel is recommending to hold tight, move forward and honor the obligations and see what results in State negotiations as we see the impact come in. Mr. Harrison thanked Dr. Carnemolla and Ms. Michaud for this information and we can further discuss at a later date if necessary.

In response to a question from Mrs. Marin, Mr. Robertson responded that a zero percent increase for the Town depends on the dollar amount; historically when reductions have been made the Board of Finance has directed the BOE and Town to make reductions in proportion to their operating budgets, about a 70/30 split; for the Town that would put it around \$650,000 in a proposed \$25 million budget; 75-80% of our budget is people, including police officers, Public Works employees, and administrative staff; there are some reductions that can be made, like professional development, accreditation processes that add value to the organization but when necessary they go to focus on the core by keeping public safety online and taking

care of the ministerial acts that the State requires us to perform. He noted that any reduction may come down to three variables: some tax increase but not 3.47% pre-COVID-19; reductions to the bottom line of the proposed general fund operating budgets; or Unassigned Fund Balance (UAFB) of which there is a policy for its use and can be found in the Comprehensive Annual Financial Report (CAFR). UAFB requires a plan to replenish it as the credit rating agencies will be monitoring. Mr. Harrison noted that the Board will give all of this the serious consideration that it deserves.

VII. TOWN MANAGER'S REPORT

A. Monthly Financial Report Summary

Details were included in the packet report dated period ended 3/31/20 prepared and reported by Margaret Colligan. Ms. Colligan noted that we are in excess of approximately \$50,000 for permitting activity through March. She noted that we have credit rating agency reviews coming up. She added that we have been getting great interest rates and helping the bottom line in the current year.

VIII. OTHER BUSINESS

IX. ADJOURN

On a motion made by Ellen Retelle, seconded by Cathy Salchert, it was voted:

RESOLVED: That the Board of Finance adjourn the meeting at 9:44 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.