

**BOARD OF FINANCE
SPECIAL MEETING MINUTES
MAY 4, 2020**

I. CALL TO ORDER

The meeting was called to order at 7:00 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 welcomed Town residents who may be listening in and thanked them for their interest. This traditionally would be the Public Hearing at the Senior Center however we are unable to do so this year due to Governor's Executive Order 7I. He explained that the process tonight is that the Town Council will go first with their presentation followed by the Board of Education, explaining their budget requests.

III. OLD BUSINESS

19/20-05 FY 20/21 Budget

a. Town Council FY 20/21 Budget Presentation

Chairperson Maguire guided the audience through a Power Point Presentation. The slides are attached to these minutes. She thanked all for attending tonight. She virtually introduced the other Council members in attendance: Jeff Bernetich, Anthony Weber, Jim Speich, and Dan Polhamus. She reminded everyone of the Mission Statement to the Town of Avon. It is the mission of the Town of Avon to provide quality Town services at a reasonable cost to all citizens and taxpayers. She stated that In Avon, the budget process takes the better part of a year to complete. The preparations for the FY21 budget that we will review with you tonight began in August of 2019. In early March, the Town Council recommended a proposed budget to the Board of Finance. It was a good, responsible budget and the Council was confident it would provide our residents with the needed level of services, meet our long term financial obligations and fund our infrastructure properly. Two weeks later, the world changed. The nation, state and town all declared states of emergency. The Governor issued a series of executive orders, including Executive Order 7I which suspended in-person budget adoption requirements for municipalities, including Avon's Annual Town Meeting and the referendum vote, and tasked the Board of Finance with the adoption of the Fiscal Year 2020/2021 budget. In light of the new reality, the Town Council recognized that revisions were needed to the proposed budget. The Council adopted a revised budget on Wednesday night that reflected approximately \$500,000 in additional spending reductions.

Chairperson Maguire stated that this is the budget recommended by the Town Council last Wednesday night. Not including the BOE budget, the Town, Sewer, Debt Service and Capital budget totals \$36,037,036, an increase of 1,172,231 or 3.36% over the current year budget. It is very important to recognize that the expenditure increase at the bottom of the slide is not a tax increase. The Board of Finance will address the tax implications of the budget. We approached the reductions with a framework in mind: prioritize public safety, social services, and infrastructure needs. The proposed budget does that and maintains key service levels, meets our long term financial obligations, and invests in our roads and capital infrastructure. This budget requires risk. Like any business, our costs are based, in part, on the projection of our future needs to meet our obligations: to creditors and our tax payers. This budget reduces our ability to manage the risk that comes with the unknown. For instance, imagine that we have a particularly bad winter, or a once in twenty year's nor'easter and our budget for snow removal is not adequate to keep our

roads clear and our residents safe. This budget increases the risk that we will not have as much flexibility to manage this unforeseen circumstance within the budget as we might in a typical year.

Chairperson Maguire highlighted Capital Budget Projects for FY 2020/2021. She noted that the Town has a great number of facilities, rolling stock and infrastructure that require maintenance and improvement in order to provide residents with essential services. This proposed capital budget provides for those needs. Highlights include \$1.3 million for the replacement of the failing geothermal HVAC system at the library; \$259,727 for road improvements, \$210,000 for Phase II of the roof replacement at Roaring Brook School; \$210,000 for a dump truck replacement; \$205,000 for the purchase of fire apparatus; \$116,000 for police vehicles. The Capital Budget also includes funding in the amount of \$710,000 for various sewer infrastructure projects which is funded by user fees. The sewer fees affect roughly 50% of Avon residents. This year our Debt Service budget is \$2,959,750, a decrease of \$786,288 or (20.99%) from FY20. When considered as a single category, debt service and general fund capital is stable at \$6.3 million. The decrease in debt service is due to a change in the timeline for the borrowing associated with the turf field and communication system projects which were approved in December 2018.

Chairperson Maguire highlighted Existing & Projected Net Debt Service. This graph depicts existing/approved and projected (unapproved/subject to change) debt service. The Debt Service budget for FY 21 reflects a decrease of \$786,288 or (20.99%). As I just mentioned, the decrease is due to a change in the projected timeline for issuing long term financing for the turf field and the communications system. As you may know both Moody's Investors Service and Standard and Poor's have reviewed and reaffirmed Avon's AAA credit rating. This rating ensures that the Town continues to receive the most competitive rates possible. Based on currently approved projects, all outstanding General obligation debt is retired by 2028.

Chairperson Maguire highlighted Tax Relief Programs. The Town Council is pleased to share information about tax relief programs for our residents. The first is a program that is available each year to seniors or disabled taxpayers that meet certain income requirements. Please call the Assessor's Office for more information. Additionally, the Council recently adopted two programs to provide relief to taxpayers during the COVID-19 pandemic. Both programs are authorized by Executive Order 7S. The Deferral Program provides a three month "grace period" to pay taxes without an interest penalty and will apply to the April 1, 2020 sewer use payments and the July 1, 2020 Real Estate, Motor Vehicle and Personal Property Taxes. The Low Interest Rate Program offers a reduction in the statutory interest rate from 1.5% per month to 0.25% per month for the months of April, May and June 2020 only. The program applies to payments made on past due accounts that are delinquent and paid partially or in full between April 1st and June 30th. All taxpayers are eligible for these programs, unless their taxes are paid by an escrow agent, financial institution, mortgage service agent or bank. For further information on either of these programs, please contact the Collector of Revenue's Office or visit the Town's website.

Chairperson Maguire closed by stating that our world has changed so much over the course of the month; countless hours has been spent adjusting the budget to reflect the impact it will have on the community, all the while continuing to provide the services you expect to see from our Town. When hit the challenges of the COVID-19 pandemic and recognizing the hardship it would create in our Town we recognized that budget reductions were necessary and the goal was a zero percent increase in taxes for our citizens; the models will be presented later in the evening. Working together with three boards in a time of crisis and uncertainty is imperative; not losing sight of the fact that the decisions we make over the course of these next two meetings can have long-term effects on our Town so as we adjust for the short-term we must be cognizant that our Town is ready and prepared for the long-term. Despite our world being at what feels like a stand still all aspects of our Town continue to run. Our first responders must continue to respond, our teachers must still teach, our Landfill must still operate, permits must still be filed, roads must still be paved and Social Services continues to help so many in our community. What will happen in our Town when life starts to resume? What guidelines will need to be in place? These are questions that bring with it some risk and concerns; we need to be prepared financially. I believe that the budget presented is responsible and will meet the need as well as give some relief to the citizens to Avon. Our financial stability,

our credit rating, and our ability to react swiftly to a crisis is being put to the test, but as we work towards solving for this budget we need to work together to be prepared and building for the next challenge we may have to face. Thank you to Brandon Robertson, Grace Tiezzi, Peg Colligan, and the rest of your staff for all the hard work you have done to bring this budget before us tonight. Thanks also to Dr. Carnemolla, Heather Michaud, and Deb Chute for your work on this budget. I hope that all in this Town continues to be safe and healthy. We are here to serve you; it is an honor. Mr. Harrison thanked Chairperson Maguire. He noted that any questions shall be held until all presentations have concluded.

b. Board of Education FY 20/21 Budget Presentation

Chairperson Chute introduced her fellow Board members: Vice Chair Jay Spivak, Secretary Jeff Fleischman, Jackie Blea, Laura Young, Jason Indomenico, David Cavanaugh, Bogdan Oprica, and Lisa Seminara. We are hopeful that you will consider this new normal that we are living in is unpredictable as we try to work our way back into the buildings so please know how much heart and time and brain power went into offering this to you and that we are trying to give the best experience we can to our students in the most fiscally responsible way. She turned it over to Dr. Carnemolla, Superintendent of Schools, to present the proposed Board of Education Budget for FY 2020/2021.

Dr. Carnemolla guided the audience through a Power Point Presentation. The slides are attached to these minutes. She thanked all for the time and effort that has gone into putting this budget together and for inviting us to present where we are as of this evening. She noted that this is a very brief version of a presentation that she has delivered several times since January to fit in line with the new normal of this public meeting tonight so we will hit the high points and if there are questions after that we are happy to answer those. She noted that we developed this budget with our mission in mind.

Dr. Carnemolla highlighted the FY 2020/2021 Budget Drivers. She noted that this year we are facing a little bit of a unique situation even before the COVID-19 closure. She noted the three drivers.

Dr. Carnemolla highlighted the FY 2020/2021 Budget Evolution. She noted that we have done a tremendous amount of work before we were here this evening as we do every year, but in this year in particular it has looked a little bit different. She noted that they worked out of the gate to make a number of reductions totaling nearly \$1.3 million before we even began discussing it at the Board of Education level in December and then January. They were forecasting increased revenues related to special education. Fast forward to COVID-19 closure and the impact that we knew it might have on our community we held a special meeting last week to look for additional reductions and any savings as a result of the COVID-19 closure. She and the Town Manager have been in discussions about how we might utilize that savings to offset some of the increase and thereby further reducing their FY 2020/2021 request. We land tonight at a proposed budget with a 3.26% increase.

Dr. Carnemolla highlighted the FY 2020/2021 Budget Drivers – NEEDS. She noted that some of these increases are actually absorbed in FY 2019/2020 that they are carrying over into FY 2020/2021. We had to add in several items that drove up our current budget and scrambling to figure out to offset those costs on our own. The two kindergarten teachers were added in FY 2019/2020 as a result of student enrollment and projecting forward into next year. She noted that a Library Media Specialist Teacher is certified and necessary teacher for our state and local standards to instruct students in research, computer education, and the STEM needs associated with 21st century; our students need that structure. This position would be split between Pine Grove School and Roaring Brook School. She noted that three of the six full-time Para educators were already added in for FY 2019/2020, another example of student needs assistance. A Para educator are necessary for various reasons depending on the program and/or students that they assist; they are associated with special education programs/students who have needs that might range from physical to other individual lives' learning needs required by federal and state law; we must have these individuals. She noted that with Transportation, one piece is related to our contractual increase that is expected and the other is additional transportation needs through our special education department. She noted that for Tuition, the majority of that goes to special education tuition. She noted that for Benefits it does not include

teachers' pensions. She noted that if we did not have these non-discretionary needs our budget would actually be 1.95% higher, both expenditures as a whole and the revenues being taken in.

Dr. Carnemolla highlighted the FY 2020/2021 Budget Drivers – OTHER. She noted that the two reductions are in part due to the COVID-19 closure savings and pre-buying we have done for next year.

Dr. Carnemolla highlighted the FY 2020/2021 Board of Education Proposed Budget. She thanked all for their consideration and for inviting us to be able to discuss this and happy to answer any questions. Mr. Harrison thanked Dr. Carnemolla and appreciates the time that you and your staff put into it; we appreciate the job that you are all doing for our students in Avon, keep up the good work.

c. FY 20/21 Proposed Budget Summary

Brandon Robertson, Town Manager, guided the audience through a Power Point Presentation. The slides are attached to these minutes. He recognized the Council for all of their hard work that went into reviewing the budget and making the hard decisions. He thanked his staff including Peg Colligan, Jennifer who is piloting the presentations, and Grace. He also recognized Dr. Carnemolla and Chairperson Maguire; your Town and Board of Education staff has been working very closely together, more so in the last few weeks in the best interest of the folks in Avon to try and solve this issue and put the Town in the best position going forward. He explained that he was tasked to explain the big picture and some framework around the decisions that the Board of Finance is going to be presented with. The Town Council and Board of Education have the task of working on the detail of the proposed operating and special revenue fund budgets but ultimately it is up to the Board of Finance as the budget-making authority to look at the big picture and in a normal year decide what level of spending should be referred to a referendum for action as that translates to a tax increase. This year because of the Executive Order we cannot have a referendum so the Town Council as required in the Executive Order has adopted a resolution authorizing the Board of Finance to adopt a budget to be effective July 1, 2020. Mr. Harrison noted that is a significant change from previous years; we will do such by a spending level and translate that into a mill rate and will take that action next Monday night; this is the important framework for it and what has gone into it and gives us something to look that to see how we balance this in a way that meets the legitimate needs of the Town and also meets the desires that the citizens have been expressing about going easy on any tax increase. Mr. Robertson noted that we have had inquiries asking why we are not having a referendum this year and for those listening, please recognize that we did not have a choice; this is what we were directed to do.

Mr. Robertson explained the concept of balance and long-term strategy and there are a couple of ways to achieve balance and manage the kind of reductions that need to be made depending on where the Board of Finance wants to end up. The first concept is the levy, which is the amount that you are going to raise through a tax increase if you decide to have one; the second concept is expenditures, one way to reduce the levy that may be required is to reduce expenditures off the bottom line of the general fund operating budget; the third concept is use of Unassigned Fund Balance (UAFB). UAFB is our strategic reserve account; you don't touch it unless you absolutely have to because once you tap that account there is nowhere else to go or all the decisions are bad ones.

Mr. Robertson highlighted the Original Proposed Budget as of March 5, 2020, the pre-COVID number. He noted that for reporting purposes the Town and Board of Education are one entity; there is one general fund where most of the financial activity occurs for both; for financial the Board of Education is part of the Town ergo when we talk about UAFB it is not only made up of taxpayer dollars after the Town has met its obligations under an adopted budget but it is also comprised of taxpayer dollars that are left after the Board of Education has done the same; those dollars are subject to various decisions but most of them end up in UAFB. UAFB for municipal finance is the most important metric that outside rating agencies look at, how you use your UAFB, under what circumstances and whether or not it is used responsibly or not and consistent with an adopted policy or not; our policy is to have an amount equal to 10% of the amended operating budget in operating transfers out available in UAFB. If you look at the balance sheet right now, at the end of FY 20 there was about \$11.5 million in UAFB. We project that number is going to be a little

bit less going into FY 21. The amount is also equal to just over 12%; our policy is 10%. Looking at those metrics and the amount we have potentially to use safely, working with the finance staff, he is recommending that we apply up to \$1.3 million in UAFB to offset the expenditure reduction that would otherwise be required to get a 0% tax increase. He does not do this lightly; typically it is used for extraordinary situations which he thinks this applies, used for extraordinary opportunities, most commonly used in Avon to offset the impact of a revaluation. Historically the most we have used at one time was about \$550,000; it is critically important that everybody understand that UAFB would be used to replace tax dollars; this is not approaching a solution through a straight up expenditure reduction; it is using dollars from our savings account to offset dollars that would otherwise come from an increase in taxes or a reduction in expenditures. It is very difficult to replenish UAFB. Every year the budgets tend to increase so that when you compare the math and put your new numerator in (the amount of UAFB you have and divide it by the budget) the percentage drops. It is an important decision that has to be taken very seriously and thoroughly considered.

Mr. Robertson noted generally, and consistent with the way that the Board of Finance has directed reductions be made in the past, we took a rough percentage of the Town and Board of Education budgets. On Wednesday last week the Town identified \$499,000 in reductions to be made to the bottom line proposed Town operating budget. He noted that thus far the Board of Education has identified \$378,000 in reductions; \$267,000 has not yet been identified. He highlighted the NEW Proposed Budget as of May 4, 2020.

Mr. Robertson highlighted Scenario A. He noted that \$1.8 million in UAFB would be used. It appears that the Board of Education is going to have COVID-19 avoidance in their current FY 2019/2020 budget of approximately \$500,000 and they are looking for some kind of credit for that \$500,000 against their FY 2020/2021 operating budget. If we did not draw down an additional \$500,000 from UAFB, the Board of Finance could raise taxes in an equivalent to drive \$500,000 through the levy or direct that the \$500,000 are deducted from the bottom line of the Board of Education's proposed operating budget. His recommendation would be that the \$500,000 be replenished and would come from the surplus at the end of the current year from the Board of Education's budget; taking a loan from UAFB to offset what would otherwise be an expenditure reduction for a tax increase for FY 2020/2021. There has been a lot of interest in a non-lapsing account which would become moot assuming the \$500,000 is drawn down now and used to reimburse UAFB.

Mr. Robertson highlighted Scenario B. The Boards have made expenditure reductions (one leg of the stool), we are comfortable taking down \$1.3 million in UAFB (second leg of the stool), and potentially some historically low tax increase (third leg of the stool). Instead of solving that \$500,000 by taking a loan we are solving for it by increasing the tax levy necessary to offset what would otherwise be an expenditure reduction. He noted that this somewhat mitigates that funding cliff for FY 2021/2022 and it preserves options. There would presumably be \$500,000 left at the end of the year from the Board of Education operating budget and that provide the Board flexibility. As a municipality we have a number of audiences – taxpayers, Boards/Commissions, staff, bargaining units, and rating agencies; we have an excellent credit rating; the agencies will be interested in how all towns approach this situation and balance will be a key metric.

Mr. Robertson summarized Scenario A vs. Scenario B. He commented on the unknown of what the business climate and development growth could look like next year which could result on more pressure on the tax levy and would be compounded by drawing down UAFB. Mr. Harrison thanked Mr. Robertson.

Mr. Harrison called on the Board of Finance members for comments related to the presentations made this evening; we are not making any decisions tonight. We would like to have maybe an opportunity not to increase the taxes during the year of COVID-19. We want to hear from Town residents; please send in the e-mails and we will get copies and will be attached to the meeting minutes; right now comments lean towards no tax increase. He noted that there are approximately 160 participants with this meeting.

Mr. Harrison called on Ms. Salchert. Ms. Salchert thanked everyone for listening to this presentation; if we make it easier for people to participate they are going to do so and tell us what they are thinking. She thanked the Board of Education, Town Council, and Town staff for working overtime since last week to put together some scenarios that will work for the budget. She noted that the 70/30 budget split has been tradition but there is nothing in the Charter or any Executive Order; she has lived here for sixteen years and has never seen a budget cut so would not know what that looks like in practice. She attended all of the meetings last week and never heard once that the additional \$267,000 in cuts having to come from the Board of Education; most of the residents' budget comments are running against having a tax increase but also don't want to cut the Board of Education budget for the sake of a few points on the mill rate. She commented on the non-lapsing fund and that we want to create an incentive to the Board of Education to save money and enable them to plan in the same way that the Town has been able to do all along; this was brought up before the Board of Finance in 2012 or 2013; we tried to get this item on the agenda tonight but were told it would not be, however we still hope to have that discussion next week. She noted that Mr. Weber on the Town Council raised this question last week and that the \$1.8 was going to come out of the UAFB but not with an IOU to any particular Board. She does not want to see the Board of Education take a larger hit than the Town. She commented on shared sacrifice and referenced employees' salaries; teachers don't have full control over that. As a former Town employee she remembers years not taking raises; 2.25% is not a lot of money in the scheme of things but compared to people losing jobs, taking furloughs and looking at an uncertain future, why is there this group of people that will get a salary increase on our tax dollars; when there is unfairness built into the system it will leave a tremendous amount of ill will. She thanked everybody for working together on this; keep sending your comments; and hopes there are things we can look at in addressing the situation. Thank you.

Mr. Harrison called on Ms. Retelle. Ms. Retelle thanked everybody for working so hard on the budget as it is no easy task, especially with COVID-19. She commented that UAFB is at 12% so we could use \$1.8 million. It also shouldn't be that the Board of Education owes money back. She inquired about any COVID-19 savings on the Town side. She suggested adding options as Scenario C and D. We are in uncertain times and our goal should be to get as close to a zero percent increase as we can. Thank you.

Mr. Harrison called on Mrs. Marin. Mrs. Marin thanked the residents attending this evening, as well as the Board members on the numerous of hours spent working on a solution for Avon; being a leader when times are good is tough but even more so when times are difficult; she thanked the Board of Education for leading all of us into this challenging task of reductions. She has asked the difficult questions because that is not only what she has been challenged to do but it is also what the public wants to know. Her goal in doing the hard act was to reduce what was possible without compromising the safety of our residents or the integrity of our schools; just because a line item is removed does not mean that it can't be put back in next year. She noted that in regards to the budget, you should never expect money back; the surplus is there for the Board of Education due to COVID-19. She questioned that the Board of Education budget was brought down to \$68.5 million was based on keeping the \$500,000 however Mr. Robertson stated that the Board of Education needs to cut an additional \$267,000 and is seeking clarification. She is recommending the following: a hiring freeze other than contractually obligated to fill, removing any travel costs and driving stipends, non-affiliated personnel forego their raises, leaders need to lead by example, remove all subscriptions. She suggested that maybe the Town Council should reconsider their choice in the replacement for the failed geothermal system at the Library; if they went with the HVAC option it is a \$503,000 savings versus spending \$1.3 million on another new geothermal system. We should review every action that we've taken since COVID-19 hit us and it would be worth looking into that. Thank you.

Mr. Harrison called on Ms. Bratton. Ms. Bratton commented that she is looking at this as a two-year problem in regards to the potential cliff for next year. She acknowledged our Town Manager and Superintendent of Schools for their work through this process. She agrees that our Town and Board of Education employees have been working hard, but private sector employees are struggling with unemployment and underemployment and not guaranteed their positions or pay. She asked if we have approached any groups of employees regarding taking a zero percent increase and not being retroactive. She asked if the Town Council had any cost avoidance due to COVID-19. She asked if the \$500,000 in

cost avoidance by the Board of Education due to COVID-19 was a solid number. She does not agree with a non-lapsing fund for the Board of Education; if they end up under budget it is taxpayers' money and should be placed back into the general fund versus a particular department. She asked how many commercial properties are in Avon; how many were vacant in 2019 versus now; the "essential" classification is interpreted differently and is affecting Avon and our business owners and employees who work for them. How many Avon residents who used to work in Town are now not? Thank you.

Mr. Harrison called on Mr. Birk. Mr. Birk thanked everyone who is participating, the interest in the budget this year, and appreciates everyone's work; thank you to Dr. Carnemolla, her staff, Mr. Robertson, Ms. Colligan and their staff; he commended all of the hard work that has been put in including significant modifications with short order. He is impressed by the Town Council and Board of Education in that we are acknowledging that we are in the service business; we have to make tough decisions this year; we will compromise to what the right solution is. Unemployment could go up, bonuses could be lower, taxpayers may need relief; we are trying to balance the needs of the Town with the unique situation that the taxpayers and businesses are in. We are trying to strike a balance in knowing that we have UAFB that is there for a reason, a rainy day and it is raining hard right now; at the same time we have to manage the finances of the Town this year, next year, and the following. He would like to understand more on the credit rating agencies' perspective on the \$1.3 million and \$1.8 million draw down and any implications. He asked if the additional \$267,000 reduction has been run by the Board of Education and what those decreases would look like. He noted that OPEB obligations are not necessarily required and perhaps could be considered. We are going in the right direction with the budget. Almost sixty comments have been received by residents thus far. Regarding the non-lapsing account, it came up in June 2013 and June 2017, there is a lot of research that needs to be done with it; the motivation is to use surpluses to address volatile or long-term expense items in lieu of pre-paying non-recurring expenses so they don't exhaust their allocated funds at the end of the budget year; it deviates from how our other non-lapsing accounts in Town work. We need to focus on the budget. He appreciates all the hard work and couldn't be more proud of Avon through this whole process.

Mr. Harrison called on Mrs. Durdan. Mrs. Durdan thanked everyone, including the Town Council, Board of Education, Mr. Robertson, and Ms. Colligan. She was surprised at the salary for the Library Media Specialist and the kindergarten teachers. She asked what we receive this year from the Grand List. Mr. Robertson responded that the Grand List is about \$2.7 billion; the levy is about \$88 million. Mrs. Durdan asked about the Avon Village Center. Mr. Robertson responded that it depends; they are subject to the economic environment; for the current year we had about 0.5% growth in the Grand List and projecting between 0.5% to 1.0% for next year. He noted that any growth in the Grand List is going to be cancelled by the need to make up through the levy in what we're drawing down in UAFB. She commented on the statute was presented to us when the topic of the non-lapsing funds came up twice before and requests more information. She noted that several attendees on tonight's call were teachers and paraprofessional versus residents. Thank you.

Mr. Harrison thanked everybody; this is the best level of cooperation that he has seen among the three Boards, the Town Manager, and Superintendent. The level of competence and dedication of the elected members on these three Board is inspiring; we are very well served here in Avon; we come down to the position of deciding to take action for what is in the best interest to the Town of Avon as a whole. The presentations that we have seen tonight are very reassuring. Take comfort that these Boards work together and for the best interest of the Town; we care and want to do what's best. Next Monday night, under the terms of the Governor's Executive Order and legislation passed by the Town Council, the Board of Finance will set the budget. We will digest everything heard tonight and review any additional comments received from the residents. If possible we would like to give something back to the Town by not increasing the mill rate. He thanked everyone for their participation.

Dr. Carnemolla clarified that the dollar amount for the Library Media Specialist is for a full-time position and based on additional requirements for that position; the kindergarten teachers added in are actually salary amounts as people were already hired and are carrying forward into the next fiscal year. In response to an

earlier question from Mrs. Marin, Dr. Carnemolla responded that the anticipated \$500,000 is conservative, a lesser amount than they anticipate returning to the Town, and we continue to monitor moving targets with utilities, transportation negotiations, school lunch program reimbursement; we did not want to overestimate. She added that instead of looking for additional lines to pre-buy, that it would be better to leave that lump sum and figure out a way to offset the overall budget for the Board and the Town moving forward. The \$267,000 is in addition to that, if we are expected to come to a zero percent increase. When the Board met last Monday that was not included because the \$378,000+ was what we could comfortably recommend right now; we have reduced everything we could that does not directly touch students.

In response to an earlier question from Ms. Bratton, Mr. Robertson responded that it is important to recognize the business model we have; a good portion of our workforce that is under tremendous stress, employees and service providers that may be working overtime in order to meet the needs of the population. We also provide direct support to social services' clients, referral services and other types of support. Public safety and social services are in the midst of a multi-month declaration under extraordinary pressure which is expensive; we have additional personnel costs, additional cleaning services, and potential direct pay for those falling on hard times. In terms of savings, it is hard to say right now; we are tracking these costs for potential FEMA reimbursement but it is uncertain when it would be received.

The Board requested responses to their other questions for the next meeting. Mr. Harrison thanked everybody and closed by noting that we have a great group of people.

IV. ADJOURN

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

RESOLVED: That the Board of Finance adjourn the meeting at 8:59 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.



How did we get here tonight?

- **March 5, 2020** - Council recommends proposed FY 20/21 budget to Board of Finance for consideration.
- **Week of March 16, 2020** - CT begins to react to COVID-19.
- **March 21, 2020** - Governor Lamont issues Executive Order 71 which suspends in-person budget adoption requirements for municipalities for fiscal year 2020-2021.
- **March 30, 2020** - Town Council adopts a revised budget calendar to comply with EO 71, eliminating the Annual Town Meeting and the Referendum.
- **April 29, 2020** - Town Council holds a special meeting to consider revisions to its March 5th budget.

New Proposed Budget Summary FY 2020/2021

	<u>FY 19/20</u>	<u>FY 20/21</u>	<u>\$ Inc/(Dec)</u>	<u>% Inc/-Dec</u>
Town	\$ 25,893,427	\$ 26,850,791	\$ 957,364	3.70%
Education	60,529,340	62,941,294	2,411,954	3.98%
Sewers	2,401,673	2,837,922	436,249	18.16%
Debt Service	3,746,038	2,959,750	(786,288)	-20.99%
C.I.P	2,823,667	3,388,573	564,906	20.01%
TOTAL	\$ 95,394,145	\$ 98,978,330	\$ 3,584,185	3.76%

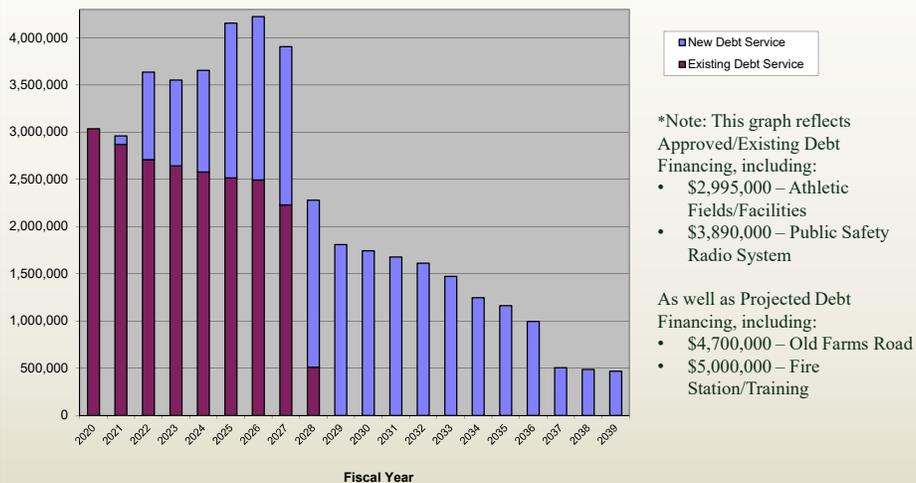
Capital Budget Projects FY 2020/2021

AFPL HVAC Rpl.	\$1,358,228
Sewer Projects*	\$710,000
Road Improvements	\$259,727
RBS Roof Rpl. – Phase II	\$210,000
2020 Sterling Dump Truck Rpl.	\$210,000
Fire Apparatus Rpl.	\$205,000
Cider Brook Bridge Rpl.	\$149,618
Police Vehicles	\$116,000
Other Capital Projects	\$170,000

TOTAL Capital Program \$3,388,573

*Funded through Sewer Fund user fees. Does not impact tax levy.

Existing & Projected Net Debt Service *



Tax Relief Programs

1. **Senior & Disabled Program** – property owners, age 65 or older, or those who are disabled and whose income is \$57,500 or less. Please contact the Assessor’s Office at (860) 409-4335 for more information.
2. **COVID-19 Property Tax Deferral Program** – A three month “grace period” to pay April 1st Sewer Use Payments and July 1st Real Estate, Motor Vehicle and Personal Property Taxes without an interest penalty.
3. **COVID-19 Low Interest Rate Program** – A reduction in the statutory interest rate from 1.5% per month to 0.25% per month for the months of April, May and June 2020.

For more information on the COVID-19 tax relief programs please contact the Collector of Revenue’s Office at (860) 409-4306 or visit the Town’s website at www.avonct.gov.



TOWN OF AVON
FY 2020/2021 Proposed Budget
May 4, 2020



Board of Education Proposed Budget

FY 2020 / 2021

May 4, 2020



Avon Public Schools *Mission Statement*



“Our mission is to inspire in each student a joy and passion for learning and a commitment to excellence, personal integrity, and social responsibility.”

FY 2020/2021 *Budget Drivers*



1. *Increased Student Enrollment*
2. *Increased Student Needs*
3. *Non-Discretionary Expenses*

FY 2020/2021 *Budget Evolution*

Description	Amount	Percentage Increase
FY 2020/2021 - Initial Budget	\$62,670,625.50	6.94%
<i>Superintendent Budget Reductions</i>	<i>(\$1,277,082.02)</i>	
FY 2020/2021 – BOE Initial Proposed Budget	\$61,393,543.48	4.76%
<i>BOE Reductions (04/28/2020)</i>	<i>(\$378,318.87)</i>	
FY 2020/2021 – BOE Proposed Budget	\$61,015,224.61	4.11%
<i>Anticipated BOE COVID-19 Closure Savings</i>	<i>(\$500,000.00)</i>	
*FY 2020/2021 – Potential BOE Budget	*\$60,515,224.61	*3.26%

FY 2020/2021 *Budget Drivers - NEEDS*

<u>Description</u>	<u>Overall \$ Increase</u>	<u>Overall % Increase</u>
Kindergarten Teacher – 2.0 FTE	\$153,975.00	0.26%
Grade 4 Teacher – 1.0 FTE	\$63,930.00	0.11%
Library Media Specialist Teacher – 0.7 FTE	\$80,893.00	0.14%
Paraeducator – 6.0 FTE	\$151,719.78	0.26%
Utilities	\$88,554.23	0.15%
Transportation	\$91,784.64	0.16%
Tuition	\$150,249.21	0.26%
Benefits (<i>Insurance/OPEB/Unemployment</i>)	<u>\$483,460.49</u>	<u>0.82%</u>
<i>NEEDS Drivers Budget Increase</i>	<i>\$1,264,566.35</i>	<i>2.16%</i>

Less these NEEDS, the FY 2020/2021 increase would be: 1.95%

FY 2020/2021 *Budget Drivers - OTHER*

<u>Description</u>	<u>Overall \$ Increase</u>	<u>Overall % Increase</u>
Salaries	\$1,304,411.18	2.22%
Contracted Services	\$25,709.35	0.04%
Supplies & Equipment	(\$171,935.63)	(0.29%)
All Other	<u>(\$13,075.74)</u>	<u>(0.02%)</u>
<i>OTHER Drivers Budget Increase</i>	<i>\$1,145,109.16</i>	<i>1.95%</i>

FY 2020/2021

Board of Education Proposed Budget

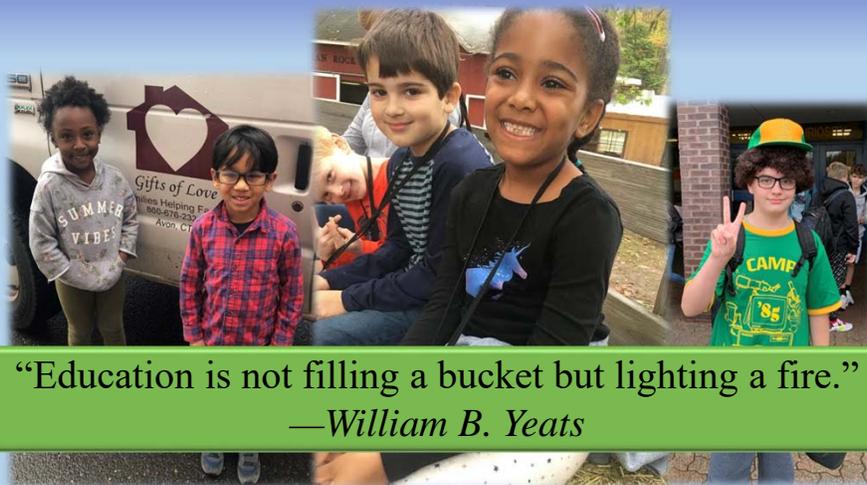
Board of Education Proposed Budget = **\$61,015,224.61**

New Money = **\$2,409,675.51**

Gross % Increase = **4.11%**



FY 2020/2021 *Budget Conclusion*



“Education is not filling a bucket but lighting a fire.”

—William B. Yeats

Original Proposed Budget – March 5, 2020 = \$99,855,760	
<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 Still needs to identify \$267K in additional reductions
NEW Proposed Budget – May 4, 2020 = \$98,978,330	
<i>Includes adjustments of \$499K from Town and \$378K from BOE.</i>	
Requires a tax increase of 0.88%; Mill rate = 33.19	
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SCENARIO A

<p>To achieve a tax increase of 0.00%; Mill rate = 32.90</p> <p><u>requires:</u></p> <p>Additional \$267K in expenditure reductions to BOE budget</p> <p><u>AND</u></p> <p>Use an additional \$500K in Unassigned Fund Balance</p>

- No tax increase required. Mill rate will remain at 32.90.
- Less flexibility at the end of the fiscal year.
- A cliff for next year

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SCENARIO B

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

requires:

Additional \$267K in expenditure reductions to BOE budget

BUT

No additional use of Unassigned Fund Balance

- Balanced approach
- 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:

Additional \$267K in expenditure reductions to BOE budget

AND

Use an additional \$500K in Unassigned Fund Balance

SCENARIO B

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

requires:

Additional \$267K in expenditure reductions to BOE budget

BUT

No additional use of Unassigned Fund Balance