

**TOWN COUNCIL
BOARD OF FINANCE
BOARD OF EDUCATION
SPECIAL MEETING MINUTES
March 2, 2017**

I. CALL TO ORDER

The meeting was called to order at 7:00 p.m. at the Avon Senior Center by Chairman Zacchio. Members present: Mrs. Maguire and Messrs: Zacchio, Stokesbury, Pena, and Speich. Also present were Board of Finance members Harrison, Gugliotti, Oleyer, Bernetich, Hamilton, Bratton, and Durdan and Board of Education members Lowry, Blea, Zirolli, Birk, Spivak, Chute, Howard, Young, and Roell.

II. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Chairman Zacchio.

III. PUBLIC HEARING: None

IV. MINUTES OF PRECEDING MEETING: February 2, 2017

On a motion made by Mr. Pena, seconded by Mr. Stokesbury, it was voted:

RESOLVED: That the Town Council accept the minutes of the February 2, 2017 Meeting as submitted.

Mrs. Maguire, Messrs: Zacchio, Pena, Stokesbury, and Speich voted in favor.

On a motion made by Mrs. Maguire, seconded by Mr. Pena, it was voted:

RESOLVED: That the Town Council move up agenda item 16/17-48 Review and Approval: 2017 Girl Scout Week Proclamation.

Mrs. Maguire, Messrs: Zacchio, Pena, Stokesbury, and Speich voted in favor.

V. OLD BUSINESS

16/17-15 FY 17/18 Budget Development-Impact of Governor's Proposed Budget

Chairman Zacchio reported that the budget as being developed this year has created concerns among the Boards and townspeople across the State; normally by this time of year the Council is recommending a budget to the Board of Finance that is responsible in terms of what the boards feel are necessary to operate the services we provide and balanced with what we think the taxpayers of the community can afford. He noted that this year presents a unique challenge; although our budget is a series of forecasts the Governor's budget is more reliable and predictable in terms of what the revenue picture from the State looks like for Avon and this year there are two components to the Governor's budget: one is changes with revenues and expenditures that provides grant funding to the Town of Avon which is a little higher as we were zeroed on some line items that we normally received. He noted that the bigger issue is the idea that teachers' pensions would be transferred from the State's responsibility where it has been for 40+ years into the towns' budgets. He reported that the increase required to just fund the pension

piece is nearly twice that of our combined Boards' increase in order to operate our services, a major impact in what we would ask the taxpayers to fund. He added that we are in a predicament between putting forward a responsible budget that reflects the needs of the community and is respectful of the taxpayer and covering for this unknown that could result in an additional tax increase of 3-4% for a total tax increase just over 7%. Council and Boards are concerned about this; this unknown will not be known until after our budget is completed. This discussion is to review the current numbers, get feedback from the Boards on strategies, hear ideas, we will not solve for these problems tonight as Council needs to do that by the end of the month.

The Town Manager made a presentation (which is attached and made part of these minutes). He recognized Grace Tiezzi, Assistant to the Town Manager, Laurie Dorn, Town Accountant, and Peg Colligan, Finance Director in attendance and have done great work running analytics on what the Governor's proposed budget could mean for the Town of Avon. He highlighted where the proposed budget is as of January 27, 2017, pre-Governor's proposed budget. He noted that the Governor's proposed budget is not being shared across the municipalities equally. He noted that the towns and cities experiencing a net gain are the larger cities, i.e. Hartford, Bridgeport, Waterbury, etc. He commented that there are 17 towns that end in a net negative position, after offsetting the Governor's proposed reduction and add the new expenditure from the pension payment Avon would be writing a check to the State; most of these other communities in this category are in the southern part of the State. He noted that (\$737,139) is the total reduction in State aid, zeroing out Education Cost Sharing grant and change in how Special Education is funded. Chairman Zacchio commented that in a normal year we expect to see changes in the revenue projection, we operate on a forecasted basis and typically budget for less anticipating we may see reductions; this amount is a lot larger and something we might be able to handle, it hurts as numbers will change based on the State taking away revenues. He noted that we get about 3 cents back on every dollar that we send the State and that will be less. He noted that the pension piece is very unpredictable and we will have more focus on that tonight because it is so hard for us to handle.

The Town Manager highlighted the proposed mill rate comparisons at various levels. Chairman Zacchio noted that the 3.08% mill rate increase is what we would have normally given to the Board of Finance and they would have taken the public hearing and then decided if that is the appropriate amount to put out to the Town. He noted that last year a piece of legislation passed on where the Board of Education and Town Council could be in terms of spending increases with a cap of 2.5%; both boards were challenged in developing a budget that was responsive to the needs of the District and the Town but also respectful of the 2.5% spending increase and the taxes it would take to raise it. He is proud of the boards for coming up with a budget that is this low in terms of what we had to face this year with real reductions that had to be made in order to get to that number. He added that it is painful to see the Governor's proposed budget take us even higher. The Town Manager noted that as other revenue sources decline (\$737,139) we have to increase the mill rate on the grand list to drive the revenue that is necessary to make up for it. Chairman Zacchio noted that if a tax increase of 7.79% passed it would change the structure of how we would have to produce budgets as it would be a starting point in order to write a check to the State for the pension piece every single year. He noted that the pension payment is only one-third and the plan is only funded at about 56% and the State uses an 8% rate on how it will grow which is extraordinarily high so there is a bigger picture problem long term

as 1.11 mills will be built into the system every year before the boards even start to draft their budgets. He noted that our Senator and Representatives recognize this as well. The Town Manager highlighted examples of tax dollar increases on various assessed house values.

Chairman Zacchio introduced Representatives Tim LeGeyt and Derek Slap and noted that Senator Witkos was unable to attend. Representative LeGeyt sensed the urgency that results in this three-board meeting because from your perspective this seems like a dangerously critical and injurious budget for the Town of Avon. He noted that the Governor's budget is proposed and is then offered to the legislature and we do all the work that is happening right now and end up proposing in bill form the budget to the whole legislature to approve; it is a long process that involves public hearing, debate, input from various Government departments and they bring the Governor's proposal and what they feel needs to happen to remain whole and functional. He added that the Governor did nobody a favor by proposing it this way because there is very little support in the legislature for the teacher's pension liability payments portion to fall on the towns; it is almost a "non-starter" but how it will flesh out is unsure. He is glad to have the chance to be here and will listen to all and noted that he has no intention of supporting the pension piece. Representative Slap introduced himself. He represents about 20% of the eastern section of Avon. He noted that Avon is not alone as he lives in West Hartford and to give perspective the hit to that town is \$14 million which equates to funding its entire police department. He noted that these conversations in these types of meetings are happening across the State as people are concerned. He does not support the Governor's budget; the major, sudden severe cost ship from the State to the towns is not the right direction. He has heard from Avon, West Hartford, and Farmington that the State has not been adequately funding the teachers' pensions and now we are going to put that on the towns? He added that we have a real challenge and hopes that we can work in a bipartisan fashion.

Chairman Zacchio opened the floor to the Boards for any questions, how we plan this strategy around this unknown, our concern mostly is if we under budget and get caught with a very large bogey to handle respective to what our Representatives have said and how do we deal with that because those cuts would be too deep, we also don't want to ask the taxpayers for money not needed or put us through a number of referendums and find out when the State does get to their budget we need to do that. He noted that there are possibilities where we can find ways to raise revenues post-State budget and we can discuss those. Mr. Spivak, Board of Education Member, thanked staff for the presentation; it was very thorough. He questioned the timeframe. Mr. Harrison, Board of Finance Chairman, responded that our Charter spells out a very strict timeframe, proposing a budget in mid-April with a referendum in May with two additional referendums built in should the first be defeated. He questioned whether we propose a budget based on what is on the table today, propose a budget based on no teacher pension, nobody knows the answers in this group. If we propose it as it sits today and it is lowered we will have taxed at a much higher amount so what do we do with those revenues. He added that these are questions unrelated to the angst of why they are doing this to us on short notice. But the three boards and in particular the Board of Finance have to propose something for the April public hearing. He noted that the timeframe is real, we cannot change it, and the State's budget won't be out in time for our budget process. He asked the audience to help them know how they would feel less bad. Representative LeGeyt commented that in his first term in 2009 the State budget did not pass until September and constitutionally they are supposed to have something in place before they gavel out on the first Wednesday in June; this is much like the issues back then and

he is not confident that they will have a budget by June 7th and considering the deficits that have to be plugged it will probably be the end of the summer before the State budget is passed.

Mr. Lowry, Board of Education Chairman, commented that the Board of Education is not here to dismantle the school system, a lot of the members moved here because of the school system and view the fact that our property values have been relatively high and stable is because of the school system; we do not have a desire to cut programs, we cut it fairly to the bone, we have budgeted this year for a reduction of 20 staff; we do not want to remove 70 people because that involves a wholesale reduction in programs which are preserved right now and they do not have a lot left that can be cut. He made a comment to the Representatives about the teacher's pension, he does not like the concept of giving you the money that you haven't managed well before to put into your piggy bank to raid it and you are going to and find it disconcerting. He noted that different than any other board, we are the only instrumentality in the State that has personal liability if we overrun our budget so we try to make sure that we do right and at the end of the year it is right on the edge. He commented that we could budget for the full amount or budget for what we plan for which is roughly a 3% increase which is not bad and really worked hard to do that and if the Governor comes back with a cut or addition we can talk about a special assessment which people will not be really happy about or we can delay it but if the State is into September that is not going to work or we can dig into our rainy day fund which will affect our bonding rate and the interest rate that we pay; there are no easy answers, just intelligent choices. He noted that the Board of Education does not want to start losing programs. He commented that we have a problem, we are going to try and do our best to solve it, we need your input, we are going to upset you during this process and convey some of that to our Representatives so they can take it back to the General Assembly but we need your help; what are our values, it is not an easy process but we are the Board of Education and do not want to say no 4th grade but have to come up with an intelligent way to do this and we need your help.

Chairman Zacchio commented that we understand both Boards worked hard to get the budgets to where they are today. He added that the school system is a big part of what makes Avon great and there are a lot of reasons why people stay in Avon. He noted that we do not have the luxury of just looking at one and is not meant in a negative way; police, ambulance, fire is important, recreational programs, senior center, library, the roads, infrastructure, buildings and grounds and equals approximately 30% of the budget and approximately 70% is spent on the education side; we are partners and here tonight as a result of that. He agreed with Mr. Lowry that the Board of Education is the only board that could have personal liability in terms of the finances; we addressed that a few years ago that recognizes that risk through a proclamation by the Board of Finance and barring something illegal they would never hold harmless the Board of Education for missing that mark as long as it was within the parameters of what we were supposed to be doing which he trusts that every Board member does that. He noted he and the Town Manager met today to talk about how to make this happen; we could ask for 100% through referendum and hope that it passes; in the post budget world we have very few ways of addressing an unknown budget bogie that might hit us, one is reductions; we could use some undesignated fund balance, we hold 10% against our typical budget as the rainy day fund, i.e. Storm Alfred, buy Open Space, we have used it to smooth tax increases in years that we had revaluations that were heavily impactful to the tax rate; we have some capital projects that are still open with dollars residing in them that we could close, these are projects that are \$20,000 or more and have a useful life of 20+ years but they will be there next year and if you use that money against an

operating budget it will create a problem next year; we can issue supplemental tax bills courtesy of the Governor if indeed in October we get hit with some kind of problem and do not think that we can handle in any of the other formats mentioned. He asked for any other suggestions. He noted that Council's dilemma is how much do we budget and how much do we bank we can cover with some of these levers? Mr. Lowry commented that there is a feeling that if we find a way to come up with x number of percent of the teacher's pension that starts driving a wedge that Avon can afford this and raise it a little bit more. He does not want to be played and our students are too important to be played.

Mr. Gugliotti, Board of Finance Member, commented that the Town Manager comes up with a budget and it goes to the Town Council who then decides what is passed on to the Board of Finance, then there is a town meeting, and ultimately the Board of Finance has to put a budget out for referendum, it can one of two things, decrease or increase it and put it out to vote, it is a checks and balance thing. Chairman Zacchio noted that if the budget fails at all three referendums then it comes to the Town Council to take action; it happened in 2008 and is a very difficult process for the Town to go through and have neighbors fighting around what is right and wrong. He is hoping that we can come up with a strategy that satisfies enough of the risk that we are comfortable with a budget that we can move forward and deliver and some mechanisms planned out that we can move towards if the State budget comes back and puts in a predicament that we do not think we can handle.

Mrs. Bratton, Board of Finance Member, questioned if this is the worst case number or will it get worse. Chairman Zacchio responded that the Governor's budget sets the tone for the revenues that need to be raised to meet the expenditures with the State and how we get there is what we are talking about and even if the teacher's pension piece is a non-starter and doesn't shift to the towns it still leaves an approximate \$450 million hole in what the Governor has proposed and has to come from some place. Representative LeGeyt responded that we are not disrespecting what is going on day to day, we have to wait month to month but at this point we are gathering information from the Government by department and agency and when that process is done sometime in March then we start to put it together and looking at the revenues and April 15th will be a water shed day because the week following numbers come in and give a better sense of what the revenues will be to support whatever budget is going to be put out. He has been on the Appropriations Committee for two terms and compared to last term no one is talking about the Governor's budget; it is too early to tell what is going to happen but cannot imagine that even though that \$407 million that would lay into the towns is going to have be accounted for and there are a lot of things left to consider, a lot of movement left to make, whether or not there is a proposal to raise taxes, we are the ones that have to deal with that, take higher property taxes to support the proposed mill rate or we have to pay income taxes to support what the State is trying to do and there are fair number of us that think the idea of cutting the government back is a strong player in this whole process. He is committed to doing the hard work; we trimmed \$850 million out of the State budget last year and now we are looking at \$1.5 billion.

Mrs. Bratton questioned if this is a dire enough situation where there is a precedent where contracts can be opened up at the State level instead of Town level. Representative LeGeyt responded that there are some contracts opened already that are being renegotiated now and the Governor's proposed budget includes savings \$700 million in employee concessions through contract negotiations or in the alternate, layoffs which is not the way to go as you still have

benefits and payments to make and would have to take place at the beginning of the fiscal year because after each month the amount of money you save goes down.

Mr. Lowry commented on one pending issue of removing binding arbitration for teachers. He noted that we have a fragility point in our budget as we get millions of dollars from City of Hartford and if they do not pay us we will have a multi-million dollar hole in the Board of Education budget. We do not money flow to them anymore, we net because we lose less when they run out of money and we will have a problem and something we will have to look for in our current budget.

Mr. Speich, Town Council Member, questioned how a special assessment or supplemental tax would work. Chairman Zacchio responded that up to and including approximately \$750,000 it would take an act of the Town Council and Board of Finance to send out a supplemental tax bill, in excess of \$750,000 up to \$2.6 million would take a town meeting and at the end would count the votes, and above \$2.6 million requires a referendum; those numbers are rough. Mr. Speich commented that it is one of the only tools that we have. Chairman Zacchio commented that we may not have a State budget until October and would be a problem to deal with in November. He noted that Superintendent Mala worked in a district that did not have a budget until December 12th. He added that we operate influx based on whatever it is the Board of Finance has asked the taxpayers for and we have passed until the State budget happens and we have real numbers and then have to react to it.

Mrs. Bratton questioned what happens if we over budget and the State is a little more forgiving. The Town Manager responded that all of this is a work in progress but if you were to include some level of funding in the budget for the teacher's pension, say \$2 million, we would suggest that you include it as a new line item for a specific purpose and could not be accessed without Council and Board of Finance approval under the transfer provisions of the Town Charter, without that authority and if it is not necessary the amount would sit there and at the end of the year the boards would have a number of options as part of their year-end closing process, you could put an assignment on that amount, use it to offset a future year tax increase, return it to unassigned fund balance as a few examples. Mrs. Bratton questioned the option of tax refunds. The Town Manager responded that he would have to look at that more closely but that would be difficult. Chairman Zacchio commented it would be a tax refund if you applied it to your base next year; we do not have a mechanism and system to handle tax refunds and it would be so small across all of the taxpayers and would make sense to hold it and apply it to next year's budget but the issue is that we work so hard to provide a smoothing effect because it is much more predictable for the taxpayers. Mrs. Bratton questioned if we would have a special line item to be applied to next year. Chairman Zacchio responded that any line item with Council approval and Board of Finance authority could transfer any of those line items to something else, raid the coffer which we would not want to do but would be available.

Mr. Gugliotti questioned the timing of the receipt of the bill from the State once their budget passes. He added that would determine the agility to have that second budgeting process. Chairman Zacchio responded that if it was so tight that we couldn't go through that process we could ask for a supplemental appropriation out of Undesignated Fund Balance to cover that amount. Mr. Gugliotti commented that his first choice would be to get it to the State when we get it. Chairman Zacchio responded that we could just say no. Mr. Gugliotti questioned what

the statutory legal underpaying is for the State to say after 45-50 years that you owe me this money. Chairman Zacchio responded that conversations are happening at CCM, etc. on that subject. The Town Manager commented that another scenario is what if the boards would move forward, recognizes the pension liability but go ahead and approve the budgets as presented with a 3-4% tax increase, then the State comes through in the future with a \$2.8 million bill and requires a referendum to get appropriations authority and what if the referendum fails. Mrs. Bratton commented that she came to Town Hall today and spoke to Deborah Fioretti about the tax bills which reads the new mill rate and “the budget of the Town estimates a certain amount will be received from the State of Connecticut for various State financial programs, without this assistance the mill rate would be 31.35 mills; it makes the State look better. Her concern is if we do not change that we give them credit for a little dribble they might give us but in reality it is a net negative. She questioned if this could be adjusted and noted that the language is in a State statute or if we end up having to do a portion in everyone’s taxes that is purely going to the State for this new line item could we add a slip of paper that explains the opposite of how it currently reads. Chairman Zacchio responded that if we get to that point it is something that we would want to try and do. He noted that if we were to go over the 2.5% municipal cap which is still law right now there is language in there to tell the taxpayers that we went over the cap and being penalized so turnout is fair play. The Town Manager noted that going into next year if the municipal cap law does not change then for every dollar we go over our 2.5% increase which we will if pay for the teacher’s pension, then there is a 50 cent on the dollar reduction applied to the MRSA revenue so it is important to have the cap lifted so we are not penalized on the other side. Mr. Lowry commented that the net amount the State can take from us under that line item is approximately \$350,000.

VI. COMMUNICATION FROM AUDIENCE

Steve Muench, 34 Sudbury Way, commented that we are looking at more taxes regardless of whether it is real estate or income taxes. He questioned if the State can allow cities/towns to tack on a percent gradually to the sales tax which would go directly into our pockets from our businesses to offset what may come out of the budget process. Representative LeGeyt responded that two or four years ago the Governor proposed the 6.35% sales tax because he wanted to add another tenth of a percent that would go back to the towns, 6.25% plus .10% that would be collected when sales were made, the money would go to the State and by some process they would figure out how much came from Avon and a tenth of a percent would be returned to the Town; less than a year after it was passed the Governor decided to sweep that .10% back into the General Fund. Mr. Gugliotti commented that State law does not permit us to have a sales tax in Avon.

Claude Chiaia, 37 Ariel Way, commented that the monies we are being asked to contribute have been mismanaged and dumped on us. He questioned if this can be phased in over several years. He commented that he was born in Westport and now lives in Avon and we are always asked to bear the full owed; other towns/cities get money and it is not fair. He recommended using the rainy day fund or unallocated assets to smooth it over with the timing between the State and Town budget. Chairman Zacchio responded that there is a policy that we hold 10% and worked over the last 6 to 7 years to move towards that threshold and are above that today. He noted that the bond rating agencies want a policy and see you maintain that policy and like to look at the use as being judicious or not and believes it would be in some portion. He added that we have

used it before during revaluation years; where it may be frowned upon in terms of the rating agencies and put your bond rating at risk is when you use all of it to solve a problem that otherwise you are not trying to solve with any other mechanism.

Bruce Corbett, 171 Huckleberry Hill Road, thanked the boards for their work in preparing a good budget for this town and gratified to see so many people here tonight including the State legislators because they are doing our job at the State level and in part as citizens we have not been involved with Town politics the way we should have been. He noted that for the last several years he has had a one-person organization called the Avon Citizenship Endeavor trying to get people to know what is going on at meetings and to come out and vote at referendums. He added that last year the Town Council did not vote on the teacher contract and the Board of Education approved the teacher contract; we were under the influence of Avon being run so well that we have the ability to pay and has been a concept that has guided a lot of the negotiations that have taken place. He noted that at a recent Taxpayer's Association meeting where Mr. Harrison made a wonderful presentation there is work on this ability to pay concept being challenged. He noted that this Town is run in a fiscally responsible, thank you, we have the ability to pay and the ability to be taxed. He worked to get the vote out on the last referendum, passing out flyers at the Landfill and Library; at one of the final meetings before the referendum he suggested a \$1 million cut in the Town budget. He noted that we only have 6.13% of the citizens of Avon to turnout at the referendums; we need something close to 9% and have not had that for five years and that needs to change now; be at meetings, share your view points, and do what needs to be done, pay that price for being involved. He recommended to the boards to do the best they can, as they always have, and give something that we can put our teeth into and say they did a good job and get out there and vote to support this.

Dzianis Kapyrou, 84 Huckleberry Hill Road, moved to Avon in August and it is a nice town and is happy to be here. He commented that we have two options, prepare for the worst or be optimistic and deal with supplemental taxes; he does not have a preference. He questioned if the Town has any control over the amounts or shares in the structure of the pensions and payments. Mr. Lowry responded that we have nothing to do with the teacher pensions. Mrs. Howard, Board of Education member, noted that the teacher's pension is a State fund that the teachers' pay into and now the State is bringing it back to the towns when we have never had any ability to negotiate that at all. Chairman Zacchio commented that we do not have the ability to effect any change in the pension side. (Mr. Kapyrou's next comment was inaudible.)

Flo Stahl, 2 Sunset Trail, questioned what the Grand List increase was this year. The Town Manager responded 0.74% increase. Ms. Stahl questioned how that stacks against last year. The Town Manager responded that it is slightly higher, but similar to what it has been in past years. Ms. Stahl commented that it is lower than it has been in the last ten to fifteen years but slowly edging up. She commented that there is a lot of development anticipated in Avon Park North and questioned when the Town thinks there will be additional revenue from that. The Town Manager responded that we cannot say for sure because the Planning and Zoning Commission has only approved this project in concept, an excavation permit has been approved, but we are working with the developer to prepare for site plan approval which we hope will come forward this spring and then there are public hearings and their process. He would not want to throw out an estimate when we might see construction, let alone values start hitting the Grand List. Ms. Stahl commented that there is no way that revenue will catch up with anticipated spending. She

asked the Town Council if they would consider raising the senior income break on property tax. Chairman Zacchio responded that we consider that every year and have made adjustments and benchmark our limits against like communities; there would be some impact to that but nothing that could possibly close that gap. He noted that was on our agenda a few months ago. Ms. Stahl questioned if it increased. Chairman Zacchio responded yes. Ms. Stahl commented on the surplus and questioned if the Town is anticipating any borrowing in the next year or two. Chairman Zacchio responded that there is potential borrowing in future years but no current projects that we would put forward; depending on this budget cycle and what it looks like from a structural may change our long term outlook on the bonding side. Ms. Stahl asked the Board of Education that if Hartford stiffing the Board of Education depend upon whether or not Hartford declares bankruptcy. Mr. Lowry responded that they can be independent if they declare bankruptcy which they need a proclamation from the Governor to do so or just stop paying us and then we have an issue to continue providing services that they are liable for that they are not paying and might have to be in a position to sue them. Ms. Stahl questioned how real this possibility is. Mr. Lowry responded that they are probably going to run out of money in May and may become real then. Mr. Gugliotti noted that is a function of whether Hartford gets some aid from the State. Ms. Stahl commented that you are all public servants, not given any money to do this, giving up your time with your family; we saw this coming, the State, the towns committed their taxpayers to spending future dollars beyond fiscal reason hoping some miracle will bail them out and now it has come home to roost. She noted that facing the reality, please do not put everything on the backs of the taxpayers; you must claw back some of the salary commitments; everybody has to share the pain and it should not just be the taxpayers; claw back some of that surplus; in terms of due diligence and overseeing the rate of increase of spending you like many towns have not done due diligence. Chairman Zacchio responded that we have approached our labor unions on both sides and have limited control over the State statutes which makes it difficult in the binding arbitration world that we live in to make adjustments there. Ms. Stahl noted that if you cannot do that legally then think about when you go into negotiations again. Chairman Zacchio agreed and noted that we just went into arbitration with our police union and won.

Angela Sum, 31 Ridgewood Road, asked the State Representatives if the teacher pension allocations are a done deal. She commented that this is a decade old problem and wants the teachers to get paid but the burden is being put on homeowners and also certain towns as the ability to pay. She noted that Avon has an average income higher than many towns in this State and that measurement is talking about income. She made the request to adjust the ability to pay back to income taxes and not just property taxes. She noted that there is burden to pay by those who may not live in million dollar homes in Avon. She questioned who is going to want to buy a house in Avon; there are excellent school districts/towns all around us and while we attract executives that will be a huge dig to Avon.

David Dorsky, 63 Brookridge Drive, commented on the approximate 17 towns that are similarly afflicted. Chairman Zacchio responded that there are 17 towns have a net outflow and have to write a check. He questioned how many of those towns are on a similar budget timeline. Chairman Zacchio responded all of them by State Statute. Mr. Dorsky questioned if there is any cross thought between towns to formulate strategy for this crisis. The Town Manager responded that dialogue is taking place with the Farmington Valley Collaborative group consisting of our neighboring towns and its chief elected officials who met this morning and Representative

LeGeyt and Senator Witkos attended as well, as well as statewide with the Council of Small Towns (COST) with populations of 25,000 and under, and the largest municipal organization in the State is the Connecticut Conference of Municipalities (CCM) with 163 out of 169 members, general meetings, committee meetings, and everyone is in the same boat with the same fiscal year and grappling with the issue of this cadence. Mr. Dorsky commented that there is a consortium of towns and questioned if there is a corresponding caucus in the legislature where the representatives of these towns are acting as a caucus to affect the legislative process. The Town Manager responded that is all of them. Mr. Dorsky questioned if the collective representation of this consortium formed an active caucus to create a voice in the legislature. Representative LeGeyt responded that depending on what issue COST or CCM has they can bring those concerns to a particular committee in the legislature and that is how it gets transmitted and delivered. Mr. Dorsky commented that the caucus he refers to is a separate group of legislatures meeting over a similar problem. Representative Slap responded that we do meet regularly with our fellow colleagues from similar sized towns, i.e. Fairfield or Glastonbury. Mr. Dorsky questioned why you can't make a list of the towns that are in a similar jam and call up their representatives and ask to meet and facilitate a solution.

Betsy Dunn, 506 Country Club Road, commented on a remark made by Mr. Lowry that Avon does not pay any money to Hartford. She understands that the Mayor is going around to the surrounding suburbs such as Avon, Glastonbury, and West Hartford asking for money to support Avon. She noted that she grew up in Ohio and we supported our inner cities; Hartford is a great place to visit, we work there; if Hartford gets up and moves our house values will decrease, the reasons for living here. She noted that she has lived here for twenty-five year and does not understand why Connecticut people do not support the inner cities like Hartford. Mr. Lowry responded that it's not our job as the Board of Education. He clarified that every month Hartford owes us \$100 (hypothetical) and we owe them \$10 on something else so instead of mailing the \$10 and ask for the \$100 when they get to it, we send them a net bill of \$90. He added that we could exasperate the credit risk because the flow is that they owe us more money. Ms. Dunn commented on a theoretical process that all of us are in this together. Mr. Lowry responded that we could restore county government, regionalize our school systems, not a good idea but those are available options hypothetically. Mrs. Bratton commented that we indirectly do that because we have a ton of income tax that comes from Avon and never comes back to us.

Jill Ferguson, 76 Northgate, questioned the teacher pension contribution and if it is based on the number of teachers we have in Avon. Chairman Zacchio responded that he does not know the calculation but believes it is prorated based on the number of teachers; our teachers contribute approximately 7% of their pay, not part of social security; it is one-third of what the State calculates our pension liability based on the compensation. The Town Manager commented that the reason we do not know is because we have nothing to do with it. Ms. Ferguson commented on how you want taxpayers to deal with the additional tax increase and questioned if we can vote on a mill rate that is based on a certain assumption that has an automatic required decrease if that number deviates by more than a certain percent. Chairman Zacchio responded that he does not think that we can do that because we really won't know what the State budget sends our way until after we are done and some of the taxpayers would have already paid all of that in the first payment. Mr. Harrison commented that it makes perfect sense but the wording in the budget referendum is only the total amount you are spending, the mill rate never appears but if there is a way to position it as a footnote we can look into that.

Eileen Reilly, 22 Stagecoach Road, commented that in September 2016 Superintendent Mala sent a letter to parents regarding decreased State funding for OPEN Choice students which was imposed on affluent towns which is unfair to Avon taxpayers; we were encouraged to speak to our local elected officials to which she spoke to Senator Witkos and made aware of the issue. She questioned what the solution was. She was told by a Board of Education (BOE) member that this was from the incentive bonus and since we are not receiving the incentive money then we do not have an incentive to take the large number of Choice children that we do, 135 students from age 4 to 18 that Avon pays for. She questioned what the solution is in September 2017: do we take less Choice students or will our taxes go up to accommodate for the loss or do we have to decrease services for Avon residents' children. She commented that we should have a say in how many Choice students we can afford; Newington takes 94, Canton takes 88, Glastonbury takes 56, Fairfield takes 72, Trumbull takes 54 Westport takes 39; this was not the original deal that we agreed on, it was not supposed to cost us money and the number of students needs to be decreased so it is budget neutral for everyone. Mr. Lowry responded that the BOE is committed to integrating in a diverse student body; we have a problem if you want to close the door hypothetically; we accept them in the program and until they graduate we cannot ask them to leave. Superintendent Mala responded that if we were to eliminate participation in the Choice program, on page 11 of the BOE proposed budget presentation we anticipate receiving \$720,000 in revenue in form of reimbursement based on the percentage of students that we take in as non-resident students; right now we receive \$6,000 per student, all of the dollars are being used to fund kindergarten and world language teachers and pre-k teachers and pay \$200,000 for the tuition that is mandated for us to pay to magnet schools when Avon residents choose to send their children to magnet schools. He noted that if we do not continue with the 135 students the BOE operating budget would have a structural deficit of \$720,000 today. Ms. Reilly commented that she was confused by Superintendent Mala's letter. Superintendent Mala responded that there are three different Open Choice grants and the percentage reduction to the district participating in the Open Choice program will be less. He noted that having non-resident students from Hartford come here and costing Avon taxpayers more money is not correct; from a business blend it generates \$720,000 in revenue. He added that any reduction made to the Open Choice program is a direct conflict with the largest civil rights suit in Connecticut history. Chairman Zacchio commented that the number of students that come into the district have no impact in terms of cost to the taxpayers and for each student you take you receive \$6,000; it would only begin to cost the district money if the number of students adds a section in a grade then we would have to hire a new teacher. Superintendent Mala agreed. Mr. Hamilton commented that the Family Engagement Specialist is paid by Avon tax dollars and their primary focus is the Open Choice students. Superintendent Mala responded that this position was approved by the BOE and serves all families new to the Town and Avon Public Schools, not just to service non-resident student families. He respects the comments around salary and looking at freezes and revealed publicly, we have 468 positions budgeted from FY 16/17 to FY 17/18 and if all of those positions were to freeze their pay at this year's rate the savings to the BOE budget would be \$200,000; if you review the Superintendent's proposed budget and the BOE proposed budget the personnel reductions reduces 22.5 positions, \$2.2 million so the saving was achieved by reducing positions. He is fixated on \$3.6 million and the \$2.88 million problem that our proposed State budget is shifting inappropriately to the municipalities.

John Jepson, 22 Midlands Drive, thanked the elected officials for volunteering their time to make this one of the best towns in the State of Connecticut.

Steve Hunt, 12 Roaring Brook Road, commented that whatever we do this year is going to get revisited next year. He questioned if the Governor deferred a payment in the pension line item. Representative Slap responded that the pension payments were flattened out to avoid an extra \$500 million hit to the deficit this year. Mr. Hunt questioned how much teachers' pay goes into the pension fund? The response was in the aggregate under 7%. He also questioned how much the average person pays for social security. The response was 7.2%. Mr. Hunt commented that after teachers work for twenty-five years would get 50% of their highest paid two years, approximately two to three times as much as an average person; they paid the same amount in and expect twice as much out. Mr. Hunt commented that none of this takes into account if Hartford loses its federal funding, if Medicaid funding is cut to the State; the 800-pound gorilla in this room is that we have promised entirely more than we will ever be able to pay; policy in this State is "after me the flood" and now it is our problem. He noted that you can't not give a raise to teachers by binding arbitration; there is no splitting, it is choosing one. Chairman Zacchio commented that is by year. Mr. Hunt questioned when the legislature is going to admit that we cannot make all of the obligations that there are and come up with a reasonable plan because until then we will go from crisis to crisis.

Rick Connel, 207 Hollister Drive, questioned the teacher pension item and if there is any way for the towns that might be impacted to refute this and bring suit with the State on a legal basis. The Town Manager responded that some towns are looking at that. He noted that to challenge that in courts will take years. Mr. Connel commented that you have to fight it tooth and nail.

Claudine Fasano, 22 Arlington Drive, commented that it is horrible and it is happening; the education budget has already taken a cut by the staff that it is going to lose. She noted that they moved to Avon eleven years ago for the schools; if we cut grades, close schools, she will leave and does not think people will come. She added that these are our children and our future. She noted Mr. Hunt's comment about ignoring the issues and asked if we are going to do that in town. She noted that we should include a note in the budget that if the teacher pension item is included the mill rate will be "x" and plan accordingly.

Margaret Bratton, Board of Finance member, questioned if the legislature can figure out if any pension checks that are mailed to a resident who is no longer a State resident, not paying income or real estate taxes in CT, can have a special tax applied to those taking huge pensions from us but going somewhere else with their money. Representative Slap responded that a State representative proposed a bill at the beginning of the session and quickly withdrew it as it was not lawful and also trigger people who are in CT with out of state pensions. Mrs. Bratton commented that we are one of the highest taxed states. Representative LeGeyt commented that it infringes on some property right in the pension that you are earning and thinks that is the focus of the inequity. Mr. Harrison commented that if it could have been done easily it probably would have happened years ago but Mrs. Bratton has a great question.

Wendy Howard, Board of Education member, suggested to the State legislature that they should divvy up the teacher pension back to each town and let the towns negotiate with their own people as we would have more control.

Mr. Lowry thanked the Council for inviting the Board of Education and appreciate you attending to our suggestions. Representative LeGeyt commented that he has been to a few meetings like

this over the years and he is proud to represent the people of Avon because the people that are assembled here and members of the public that have come out in light of these difficult choices that have to be made, on the Town and State side, everyone has been respectful and courteous of other people's understanding and applauded Avon for the decent group you are; it is a pleasure to serve you.

Chairman Zacchio thanked everyone for coming tonight, for their candor and discussion; there are more people sitting here tonight that have been at our budget hearings combined for the last two years so thank you; we work for you. We need you here to keep us in tune with what you need. Next steps, the Council has to put a budget in front of the Board of Finance by the end of this month; we will most likely have at least two meetings before that happens. He is asking the Town Manager to work with staff on scenarios that are responsive to what we are hearing tonight and best intelligence we have on what the State budget looks like that plays out the opportunities in front of us and the risks in a way that either opposes those or accept as we move forward. He noted that the first meeting will be much like their Saturday meeting in February to discuss the budget and then send the budget off to the Board of Finance at the second meeting to be scheduled.

On a motion made by Mr. Stokesbury, seconded by Mrs. Maguire, it was voted:

RESOLVED: That the Town Council take a five minute recess.

Mrs. Maguire, Messrs. Zacchio, Pena, Speich, and Stokesbury voted in favor.

Chairman Zacchio recalled the meeting to order at 9:30 p.m. Members present: Mrs. Maguire and Messrs: Zacchio, Stokesbury, Pena, and Speich.

VII. NEW BUSINESS

16/17-48 Review and Approval: 2017 Girl Scout Week Proclamation

Chairman Zacchio commented that the Girl Scouts are celebrating their 105th anniversary. He acknowledged Girl Scout Delaney Leavitt who was present to accept the proclamation. He read the proclamation.

WHEREAS, March 12, 2017, marks the 105th anniversary of the Girl Scouts of the United States of America, which began in 1912 when Savannah, GA native Juliette Gordon Low gathered 18 girls to provide them the opportunity to develop physically, mentally, and spiritually;

WHEREAS, 1912 was also the year in which Girl Scouting started in the state of Connecticut;

WHEREAS, for more than 100 years, Girl Scouting has helped build millions of girls and women of courage, confidence, and character who act to make the world a better place; and,

WHEREAS, the Girl Scout Leadership Experience helps girls discover themselves and their values, connect with others, and take action to make the world a better place; and,

WHEREAS, through the dedication, time, and talent of volunteers of different backgrounds, abilities, and areas of expertise, Girl Scouts of Connecticut offers the Girl Scout Leadership Experience to more than 35,000 girls in grades K-12 across the state of Connecticut; and,

WHEREAS, the Girl Scout Gold Award, the highest honor in Girl Scouting, celebrating its 105th year, requires girls to make a measurable and sustainable difference in their community, assess a need and design a solution, find the resources and support to make it happen, and complete the project;

WHEREAS, core programs around environmental stewardship, anti-bullying techniques, Science, Technology, Engineering, and Math (STEM), and healthy living, help girls develop a solid foundation in leadership; and,

WHEREAS, today, more than 59 million American women are Girl Scout alumnae and 2.7 million girls and adult volunteers are active members;

NOW, THEREFORE, I, Mark W. Zacchio, by virtue of the authority vested in me as Chairman of the Town Council of Avon, Connecticut do hereby applaud the Girl Scouts of the United States of America for more than 100 years of leadership and expertise as the voice for and of girls, proudly proclaim March 12, 2017, as Girl Scout Day.

16/17-49 Contract Recommendation: Pine Grove School Roof Top Unit Project (Phase II of II)

The Town Manager reported that the amount of the contract is in excess of 1/10 of 1% of the tax levy. He noted that this is the same appropriation at the same time the Council approved it last year and approval is contingent upon referendum passing successfully; it is a sole source as everything is Trane. Mr. Stokesbury asked the Town Manager if we could have a report back from the Director of Public Works or Board of Education on the actual condition of the operation of the system at Pine Grove School so we have current information on that as we look at all of these budgetary items for later this month; how dire is it, can it be deferred, etc.?

On a motion made by Mr. Stokesbury, seconded by Mr. Pena, it was voted:

RESOLVED: That the Town Council award the single source contract to Trane U.S. Inc. of Rocky Hill, CT, in an amount not to exceed \$338,341.25 and subject to budget approval at referendum on May 10, 2017.

Mrs. Maguire, Messrs: Zacchio, Pena, Stokesbury, and Speich voted in favor.

16/17-50 Approval of Real Estate Tax Refund, \$4,579.14

Chairman Zacchio commented that this refund request is a result of Ensign Bickford Realty Corp paying the same bill twice.

On a motion made by Mr. Stokesbury, seconded by Mrs. Maguire, it was voted:

RESOLVED: That the Town Council approve a real estate tax refund to Ensign Bickford Realty Corp for a total amount of \$4,579.14.

Mrs. Maguire, Messrs: Zacchio, Pena, Stokesbury, and Speich voted in favor.

IX. ADJOURN

On a motion made by Mr. Pena, seconded by Mrs. Maguire, it was voted:

RESOLVED: That the Town Council adjourn the meeting at 9:40 p.m.

Mrs. Maguire, Messrs: Stokesbury, Zacchio, Pena, and Speich voted in favor.

Attest:

Ann L. Dearstyne, Town Clerk





TOWN OF AVON

Special Three Board Meeting

Town Council, Board of Finance, Board of Education

March 2, 2017

Town Manager's Proposed Budget FY 2017/2018*

	<u>FY 16/17</u>	<u>FY 17/18</u>	<u>\$ Inc/(Dec)</u>	<u>% Inc/(Dec)</u>
Town	\$ 23,295,518	\$ 24,096,598	\$ 801,080	3.44%
Sewers	1,947,682	2,015,307	67,625	3.47%
Debt Service	2,779,790	2,818,850	39,060	1.41%
Education	56,621,408	58,292,975	1,671,567	2.95%
C.I.P	4,410,037	3,689,506	(720,531)	-16.34%
TOTAL	\$ 89,054,435	\$ 90,913,236	\$ 1,858,801	2.09%

*As recommended to Town Council on January 27, 2017

What does the Governor's Proposed Budget Mean for Cities & Towns?

- Governor's FY 18 proposed budget **increases** state spending by \$361 million and **reduces** aid to municipalities by \$363 million
- 138 municipalities will experience a net reduction in aid totaling **\$290 million**
- 31 towns and cities will experience a net gain totaling **\$286 million**
- Ten cities will receive 73% of this revenue gain

How does the Governor's Budget Impact Avon's Budget?

	Town Manager FY18 Proposed Budget	Governor Proposed FY18 Adjustments	Governor's Impact to Avon's General Fund
Impacted State Grants	\$ 2,514,231	\$ 1,976,886	\$ (737,139)
Less Teacher's Pension Payment		(2,887,735)	(2,887,735)
TOTAL IMPACT	\$ 2,514,231	\$ (910,849)	\$ (3,624,874)

Municipal Budgets Must Balance

The requested amount of spending for services



The level of revenues required to pay for these requests

How will the Governor's Budget Impact the Mill Rate?

	(1) Town Manager Proposed	(2) Governor's Revenue Adj. ONLY	(3) Governor's Revenue Adj. NO TM Adj., Include Teacher's Retirement
Levy	\$ 79,475,861	\$ 80,210,473	\$ 83,109,646
Mill Rate	30.43	30.71	31.82
Mill Inc/(Dec)*	0.91	1.19	2.30
% Inc/(Dec)*	3.08%	4.03%	7.79%
		0.28 mills / 0.92%	1.11 mills / 3.61%

*Cumulative Inc/(Dec) over FY17 Adopted Mill Rate (29.52)

How does the Town Manager's Proposed Budget Impact Taxes?

Annual Town Tax Charge based on: Assessed House & Vehicle Values
(Single Family Homes & Condos)

	FY17 Adopted Budget	TM Proposed Budget	\$ Increase
Assessed Value	29.52 mills	30.43 mills	0.91 mill increase
\$205,510	\$6,067	\$6,254	\$187
\$267,180	\$7,887	\$8,130	\$243
\$374,660	\$11,060	\$11,401	\$341

FORMULA= Assessment \$ X Mill Rate / 1000 = \$ Tax Payment/Year

How does the Governor's Proposed Budget Impact Taxes?

Annual Town Tax Charge based on: Assessed House & Vehicle Values
(Single Family Homes & Condos)

	(1) FY17 Adopted Budget	(2) Governor's Revenue Adj. Only	(3) \$ Increase Column (1) to Column (2)	(4) Governor's Revenue Adj. & Teacher's	(6) \$ Increase Column (1) to Column (4)
Assessed Value	29.52 mills	30.71 mills	1.19 mill increase	31.82 mills	2.30 mill increase
\$205,510	\$6,067	\$6,311	\$244	\$6,539	\$472
\$267,180	\$7,887	\$8,205	\$318	\$8,502	\$615
\$374,660	\$11,060	\$11,506	\$446	\$11,922	\$862

FORMULA= Assessment \$ X Mill Rate / 1000 = \$ Tax Payment/Year

Options & Discussion

Next Steps in the Budget Process

Special Town Council Meetings	TBD (end of March)
Board of Finance Public Hearing	Monday, April 3 @ 7:00 p.m. Senior Center
Board of Finance Budget Workshop	Wednesday April 5 @ 7:00 p.m. Senior Center
2nd Board of Finance Budget Workshop (if needed)	Thursday April 6 @ 7:00 p.m. Senior Center
Town Meeting	Monday May 1 @ 7:00 p.m. Senior Center
Budget Referendum	Wednesday, May 10



TOWN OF AVON

Special Three Board Meeting

Town Council, Board of Finance, Board of Education

March 2, 2017