

Approved

**TOWN OF TRUMBULL – SPECIAL MEETING**

**BOARD OF FINANCE**

**MINUTES – May 23, 2013**

**CALL TO ORDER**

Chairman Hammers called the Board of Finance meeting to order at 7:07 p.m. at the Town Hall, Trumbull, Connecticut. All those present joined in the Pledge of Allegiance.

**ATTENDANCE**

**PRESENT**

Paul Lavoie  
Andrew Palo  
Cindy Penkoff, Alternate  
Susan LaFrance, Alternate  
Tom Tesoro (arrived at 8:35 p.m.)  
Vincent DeGennaro, Alternate  
Elaine Hammers  
Steve Lupien

**ABSENT**

Dave Rutigliano

Also present: Maria Pires, Finance Director

Chairman Hammers indicated that Mrs. Penkoff would be voting for Mr. Rutigliano.

**SETTING OF MILL RATE**

Mr. Lavoie moved, seconded by Mr. Tesoro, to set the Mill Rate at 31.367, which represents a 2.13% increase.

The Chair asked how the Property Taxes (R-1) were adjusted. Mrs. Pires indicated that since she learned the busing contract with the Board of Education will not part of the taxable Grand List, she removed \$2,700,000 in assessments, reducing the grand list used calculate the mill rate. She went on to add that she then included the \$1,000,000 Fund Balance and the new state revenues supplied by Mr. Rutigliano yesterday, in order to compile the mill rate.

Mrs. Pires indicated that the R-2 information is provided by the Board of Education and represents actual expenditures that we projected. The R-3 information (Education Grants Other) comes from the state. The Code Compliance represents funds from an old school project that was bonded and we get a bonded principal and interest each year. The ECS Grant proposal changed from \$3,346,812 to \$3,251,084. The R-5 (State Revenue Other) changes included the Mashantucket Pequot Grant increase to \$42,273; the State Property Tax Reimbursement increase to \$257,235. The State revenue proposals total \$258,000 and are not guaranteed. In addition, the \$194,292 Hold Harmless Grant should be removed.

Mr. Tesoro indicated that the \$1,000,000 should not be used towards the Mill Rate but returned to the tax payers by giving them a check. He feels that using it toward mill rate would create a funding cliff for next year and would not reflect a transparent budget.

The Chair did not feel that a funding cliff was an issue given the remaining cushion of \$1.5 million in the General Fund. In addition, she wasn't sure how much of a difference a check for \$62 would make to each taxpayer, especially if we then turn around and raise their taxes. Mr. Palo went on to define the term funding cliff for those who would be watching the meeting.

Mrs. Penkoff indicated that given the economy it was time our taxpayers saw some relief and agreed with returning the \$1,000,000 to them; she did not think that a funding cliff would result; however, she did not think giving them a check was the way to go. Mr. Tesoro went on to reiterate that the surplus funds should be returned in a transparent way, and that would involve cutting a check.

Mrs. LaFrance indicated that the surplus reflects good management of the Town as well as the Board of Education and as a tax payer she would not want a check in the mail, but rather the lower tax rate.

Mr. Tesoro went on to add that although Mrs. LaFrance would not want the check it would not be wrong to assume that everyone feels the same way. They should be given a check to do with as they want.

Mr. Lavoie indicated that to refund \$1.5 million, assuming there is a \$500,000 surplus from the Board of Education, would require that each rebate be calculated separately and then 16,000 checks would have to be cut and mailed. He then asked Mrs. Pires if she had any idea what expense would be involved with doing these calculations and then cutting the checks. Would this be an additional expense that we would have to fund or would it mean that something doesn't get done because we are using the resources in the town to calculate these refunds.

She indicated that it would definitely take quite a while to prepare these refunds and the Tax Collector would have to get involved to draw up the list and calculate each refund unless everyone received the same amount.

Mr. Lavoie did not feel that it would be a good idea to rebate the same amount to everyone, since everyone does not pay the same amount.

He went on to add that we are now incurring expenses. We are forecasting a \$1,000,000 surplus and if we don't get the \$500,000 from the Board of Education do we really have a funding cliff. He doesn't like the idea of getting the check and then having to turn around and use it to pay the taxes.

Mr. Tesoro suggested that rather than cut checks we indicate a rebate on their tax bills. This way we have a clean budget. The tax increase would then reflect only the spending.

The Chair reiterated that the rebate would have to be apportioned for each person. The taxes would go up while at the same time they receive a credit on the first tax bill and the funds would be taken from the fund balance.

Mr. Tesoro indicated that by doing it this way, we will have set a precedent and given them immediate relief on their first bill.

Mrs. Penkoff went on to ask if this refund would also apply to the businesses in Town that are also paying into the taxes.

The Chair indicated that the rebate to each taxpayer would be significantly lower than the estimated \$57, since the businesses are contributing more. She went on to add that the State Funding of \$258,058 is also an issue, since it can change; however, the difference of \$11,258 is not going to affect the Mill Rate.

The Chair called a recess at 7:50 p.m. The meeting reconvened at 8:00 p.m.

Mr. Lavoie indicated that he likes the idea of giving the taxpayers a rebate and he thinks a clean budget is the right way to go. However, he wishes that this had been brought up sooner, since he has two issues with our timing: one, that we should have a legal opinion to make sure we can legally give a rebate on the tax bill and two, can this be logistically accomplished.

The Chair added that everything that we do is only what Hartford allows us to do. We only have the powers that they give us. We don't have staff or time to cut a check, and the question is, are we allowed to do this, and we have now waited until the last minute to find out, since our deadline is Saturday.

Mrs. LaFrance indicated that she feels it is too late to do this. Mrs. Pires phoned the First Selectman who indicated that he did not think we would be able to get an answer tonight; it will have to be researched by our attorneys.

The Chair indicated that the \$194,292 Hold Harmless Grant must come out of the R-5 State Revenue Other, and the mill rate increased. We now need to amend the motion or withdraw it.

Mr. Lupien moved, seconded by Mr. Palo, to remove \$194,292 from the R-5 line creating a new total State Revenue of \$822,062, amending the motion to set the Mill Rate to 31.41, which represents an increase of 2.27%.

Vote: 6-0 to amend the motion on the table

Mr. Tesoro indicated that we need to motion the Fund Balance of \$1,000,000 in order to use it. The Chair indicated that they would motion each amount.

Mrs. Pires indicated that we must now change the R-1 Property Tax Total to \$139,619,894.

Mr. Lavoie moved, seconded by Mr. Tesoro, to accept the Property Tax of \$139,619,894.

Vote: 6-0

Mr. Lavoie moved, seconded by Mr. Tesoro, to accept the Education Program Grant of \$1,243,000.

Vote: 6-0

Mr. Lavoie moved, seconded by Mr. Tesoro, to accept the Education Grants Other of \$3,767,504.

Vote: 6-0

Mr. Lavoie moved, seconded by Mr. Lupien, to accept the Property Tax of \$84,981.

Vote: 6-0

Mr. Lavoie moved, seconded by Mr. Tesoro, to accept the State Revenue Other of \$822,062.

Vote: 6-0

Mr. Lavoie moved, seconded by Mr. Tesoro, to accept the Town Permits, Fees of \$4,462,260.

Vote: 6-0

Mr. Lavoie moved, seconded by Mr. Lupien, to accept the Town Revenue Other of \$350,000.

Vote: 6-0

Mr. Lavoie moved, seconded by Mr. Lupien, to accept the Inter Fund Transfers of \$644,176.

Vote: 6-0

Mr. Lavoie moved, seconded by Mr. Tesoro, to accept the Fund Balance of \$1,000,000.

Mr. Tesoro indicated that he is voting against this with the hope that we will be able to give the rebate back to the taxpayers once we hear from the attorneys.

Vote: 3-3 Motion Fails (against: Palo, Tesoro, Lupien)

The Chair noted that the amended motion to set the Mill Rate to 31.41 was still on the table and needed to be voted on.

Vote: 3-3 Motion Fails (against: Palo, Tesoro, Lupien)

Mrs. Pires indicated by removing the \$1,000,000, the mill rate would be 31.636, an increase of 3.05%.

Mr. Lupien moved, seconded by Mr. Tesoro, to set the Mill Rate to 31.636, which represents an increase of 3.01%.

Vote: 3-3 Motion Fails (against: Hammers, Lavoie, Penkoff)

The Chair indicated that since the vote failed the First Selectman would now set the mill rate.

## **ADJOURNMENT**

By unanimous consent the meeting was adjourned at 8:25 p.m.

Respectfully submitted,

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Phyllis C. Collier  
Board of Finance - Clerk