

**UN- APPROVED BOARD OF FINANCE MINUTES –TRI-BOARD MEETING
TUESDAY, DECEMBER 13, 2016**

A tri-board meeting of the Board of Finance, the Board of Selectmen, and the Board of Education was held on Tuesday, December 13, 2016 in the Board of Education's conference room at 7:00 p.m.

BOF Members Present: David Ulmer, Chairman; Marty Heiser; Jessica Mancini;
Mike Raduazoo; and Sean Connelly (not yet sworn in)
BOS Members Present: Rudy Marconi, First Selectman; Maureen Kozlark; and Bob Hebert;
BOE Members Present: Fran Walton, Chairman; Doug Silver; Tracy O'Connor; David Cordisco;
Stephanie Bell
Town Officials: Kevin Redmond, Controller; Dr. Karen Baldwin, Superintendent of Schools;
Paul Hendrickson, BOE Business Manager,

A G E N D A

- 1) Overview of Current Budget: Kevin Redmond, Controller and Paul Hendrickson, BOE Business Mgr.
- 2) Public Comment
- 3) Comments from Board of Education, Board of Selectmen and Board of Finance: Dr. Karen Baldwin, Superintendent of Schools; Rudy Marconi, First Selectman; Dave Ulmer, Chairman Board of Finance
- 4) General Discussion From All Three Boards
- 5) Adjournment

Mr. Ulmer called the meeting to order at 7:00 p.m.

KEVIN REDMOND – CONTROLLER

Fiscal 2016 was actually pretty good, \$1.4MM favorable revenue driven by taxes which were driven by tax sales, or the threat of same. Fiscal 2016 and fiscal 2017 were both favorably impacted by the tax sales.

On the expense side, 2016 was \$1.1MM favorable, spread evenly among the BOE; the Police, Fire, and Highway Departments, legal and insurance. Combining the favorability from revenue and expenses totaled \$2.5MM which meant we did not have to use money from the fund balance that was designated in the 2016 budget.

Half way through the 2017 fiscal year revenue is again favorable \pm \$1.6MM due to the revenue realized from the tax sales.

We expect the State of Connecticut will reduce the amount it pays to Ridgefield by about \$700k this fiscal year.

On the expense side of the 2017 budget everything is running "pretty tight" and we do not see anything favorable at this point in time.

Debt service continues to come down. It is \$500k this year with \$79MM of debt outstanding as of June 30, 2016, which should come down to \$70MM of debt by June 30, 2017 and about \$50MM by the end of 2021.

The annual audit went very well and is about wrapped up. The draft of the CAFR will be reviewed at the BOF meeting following this meeting.

Mr. Marconi asked how fund balance was affected and Mr. Ulmer responded that the BOF is committed to keeping the fund balance at about 8%/9% of the current year's budget and it is currently at about 10% of budget, meaning about \$700k can be used and still keep the fund balance in the 8%/9% of budget range.

PAUL HENDRICKSON – BOE BUSINESS MANAGER

Mr. Hendrickson thanked Mr. Redmond for sharing information and working closely with the BOE.

Mr. Hendrickson stated: "We do have some challenges." post-budget hires, somewhat offset by higher than budgeted turnover and a good number of people who went out on unpaid leave. To date, health-care benefits are running under budget with a 95% enrollment in the HSA plan. 30%/35% of the budget has been expended to date, with the expectation that 50% will have been expended by the end of January 2017.

Some of the challenges ahead: colder weather, fuel oil and electricity costs and reimbursement for especial education. The State has not clarified the extent of its revenue sharing reductions. We cannot find a person who can give us specific guidance. We need that guidance so that we can accurately project our budget for next year. The State-mandated 2.5% spending cap came with very little detail on the mechanics of enforcement.

PUBLIC COMMENTS

Ed Tyrrell read the following statement: "I want to encourage all three boards to do nothing to challenge the new municipal spending cap of 2.5%. If Ridgefield cannot live within a 2.5% spending increase, when inflation has been at 2% or lower for years, then someone is doing something wrong. This may mean that you will have to engage in binding arbitration, which for some unexplainable reason, Ridgefield fears. This spending cap will not decimate the schools. Every year, the schools are educating fewer and fewer students, and will be doing so for years and years to come. You will not have to slash positions; declining enrollment will mean you will need less union employees with costly benefits. It may also mean you do not need as many buildings. The spending cap will bring discipline back to our budget process, which we lost last year."

COMMENTS FROM BOE, BOS, BOF, RUDY MARCONI, DR. BALDWIN, DAVE ULMER

DR. BALDWIN

The Board of Education is working to create a shared vision of success for all children in Ridgefield. We have successfully created a Strategic Coherence Planning Committee. I am really excited about this work and the Capacity study with Malone & McBroom. Declining enrollment with bigger expectations. There are challenges with some special education requirements and some settlements. We have submitted to the State for excess cost reimbursement. We have started our internal budget process which is dependent on our vision for the future and what we want for our schools and being responsive to the fiscal pressures in the community. The Board of Education is hoping to make some decisions by the end of January or the beginning of February about redistricting/closing a school.

Ms. Mancini asked if redistricting could be implemented by September 2017 and Dr. Baldwin responded "some aspects".

Malone & McBroom has presented seven scenarios. The BOE advanced three options for long term viability. The BOE needs more time to do the testing.

The possibility of closing a school has to be examined. The BOE was clear on that point.

Mr. Heiser: haven't we studied this before?

Dr. Baldwin: "lens of teaching and learning has also changed in the last ten years"

Mr. Ulmer: The big study that was done previously was a Town Committee "community study".

Mr. Heiser: The BOF was lead to believe that when the K-5 population dipped below 2k, a school would be closed.

Fran Walton: In 2009 we thought we would be closer to 1,600 k-5 enrollment by now. Had we closed a school then, we would be "seriously overcrowded" now.

Mr, Heiser: The number of students is down, head count is up.

Fran Walton: Class size is a factor in the increased head count. 2003/2004 was the last redistricting.

Ms. Mancini: Do you have a plan for redistricting?

Mr. Heiser: The last referendum we had in May, everything passed. The only one that was close was the BOE budget that passed by only sixteen (16) votes.

The cap limits annual increases to 2.5 percent over the spending level for the previous fiscal year, or the rate of inflation if that is greater.

By law, the cap excludes expenditures for debt service, special education, court orders or arbitration awards. There is an exception for major disasters, provided there is a presidential or gubernatorial declaration of an emergency.

Ms. Walton: The BOE expects to meet the 2.5% cap because it is going to affect income coming into the Town. There are contractual agreements already in place that exceed the cap. Had the BOE gone to arbitration, it would be permissible to exceed the cap, but it did not go to arbitration.

Mr. Heiser: "I think you have a too-many-people problem. I don't think you have a contractual-obligation problem. Look at your head count, look at attrition and don't replenish that attrition. That is where the savings are."

Ms. Walton: "The Board of Education is aware, but we also need to educate children within a framework that provides a lot of support across the district."

Ms. Mancini asked for specific improvements attributable to the substantially-increased BOE budget.

Dr. Baldwin: Test scores are up. SAT scores are up. The quality of relationships with families with children with special needs has improved. We anticipate being able to say that the budget will reflect bringing children back from out-placements as a result of improved process in terms of special education. We are building process and structures that support our kids.

RUDY MARCONI

"The State is the 800 pound gorilla in the room." The 2.5% cap on the annual budget increase in spending is part of the "implementer bill" passed by the legislature at 3 a.m. The "implementer" is passed at the end of every legislative session and it contains the policy provisions needed to implement the state budget. Unlike most other bills, implementers do not go through legislative committees or public hearings. Some provisions of the bill may have received little or no public discussion prior to appearing in this bill. The Connecticut Conference of Municipalities (CCM) has asked the legislature for a lifting of the cap on spending. The State House appears to recognize the mistake it made. The State Senate, no so much. The monetary consequence of exceeding the cap is a \$.50 reduction in State MRSF (Municipal Revenue Sharing Fund) grants for every dollar in excess of the 2.5% cap. If the legislature makes any changes to the implementer bill, we will not know about them until well after we have approved our budget. We have asked CCM to get the 2.5% cap suspended until 2019 when we will know how this plays out.

Regarding closing a school, the Town still has to maintain that school building and the Town will have to absorb those costs and decide what will be done with the building. "I would like to see some real numbers on that." Maureen Kozlark has sat in on the BOE's strategic planning sessions.

Regarding Slumberger: We continue to work with two very-interested parties on leases on two building. If the leases are approved, the leasees will pay to renovate the buildings.

Regarding the Venus Building: The Play House would like to expand into space currently occupied by the BOE. Additional changes in the building's current configuration are also under consideration. Hopefully, any/all changes made will result in increased revenue for this site.

The 2.5% cap is a lot of money but it can erode very quickly with increased insurance costs, the Fire Department's \$144k budget increase; \$3.7MM to upgrade the radio communication system coupled with an initial operating expense of \$81k, and so on.

State Representative Matt Ritter (Democratic Rep. for district of Hartford) has said that the House is looking at the possibility of establishing a pool for special education expenses. "I will be shocked if they come up with anything."

Mr. Ulmer: The 2.5% spending cap is a new thing. It is a spending cap, not a mill rate cap. The good news is the revenue from the tax sales, and additional revenue of \pm \$450k when several of Boehringer Ingelheim's buildings come off their tax-abatements this year. The Highway Department is having trouble spending its budget and maybe we should hold that budget flat or reduce it a little. 2.5% for the Town is \$900k. 2.5% for the BOE is \$1.9MM or \$2.5MM with the special education exemption.

Mr. Marconi: MRSF (Municipal Revenue Sharing Fund) goes directly into the General Fund. It is not allocated for any particular thing.

Mr. Marconi regarding ADA: We have not done everything we should be doing. We need to do a study of our community with a prioritization plan which will keep us aligned with the Department of Justice. The compliance issues identified to date will cost about \$84MM. "This is something we need to address. A study will be done and we may be requesting funding."

GENERAL DISCUSSION

Doug Silver: "This year is going to be challenging. We need your help to keep people engaged over the next few months. There is going to be a lot of drama."

Mr. Heiser: "Is the drama with redistricting?"

Doug Silver: "Busing, the changing configuration of the middle schools... a lot of stuff that is not going to be popular."

Ms. Mancini expressed her frustration with the subcommittee meetings being "at odd hours of the day". Ms. Walton noted that all the subcommittee reports and all the minutes are available on line. Ms. Mancini said she would like to have more discussion.

Dr. Baldwin: All elements of the capacity study have been addressed at full BOE meetings. Plans get vetted with public input. We plan to present the BOE budget at our first meeting in February.

Mr. Raduazzo: Some of the challenges you will have this year are around later start times at the high school; some programs that have been cut, like German; and special education costs; all stuff that the more we know about the more we can help you managing through those challenges.

Mr. Heiser asked Dr. Baldwin if she could attach a dollar value to the savings realized from bringing back special education outplacements. Dr. Baldwin responded with "I am hoping to be able to outline that." Mr. Heiser noted that the BOF has heard this scenario (bringing outplacements back to Ridgefield schools) before and it never turned into a cost savings. He added that, when you close a school, it is the savings realized from diminished head count that are significant, not the building cost savings.

Ms. Mancini noted that the BOE has imposed a budget freeze of 75% the last two budget cycles and asked how that budget freeze has affected the schools. "Why at 100% if we can work with 75%?"

ADJOURNMENT

Mr. Raduazzo made and Ms. Mancini seconded a motion to adjourn the tri-board meeting at 8:19 p.m.

VOTE: 4-0. Motion APPROVED.

Respectfully submitted,
Karen Rodgers, Recording Secretary