



Town of Ridgefield

Special Board of Selectman Budget Meeting minutes - APPROVED

April 29, 2020 at 7pm via Zoom

Please note – these minutes are not verbatim.

Meeting [audio here](#)

Present: Rudy Marconi (RM), Bob Hebert (BH), Sean Connelly (SC), Barbara Manners (BM), Maureen Kozlark (MK), Kevin Redmond (KR, Financial Director), Jane Berendsen-Hill (JBH) and Molly McGeehin (MM), Andrew Neblett (Town IT director) hosting the Zoom meeting.

Rudy Marconi called the meeting to order at 7:05 pm.

1) Rescind previous approvals and recommendations

RM: We need to rescind our vote from March 4th BOS meeting where BOS unanimously approved operating budget expenditure = Roads and ADA: \$39,274,636, Debt Service for FY2021: \$10,816,685. BOS and BOE total capital expenditure = \$7,237,306 and a non-binding recommendation of a 2% increase of the BOE budget for FY2021= \$1,963,875. Letter sent to Dave Ulmer on March 6th confirmed these.

To modify these, we need to rescind them first.

BOE: non-binding 2% increase for FY2021 budget – MK motions to rescind, BH motions to second rescinding, all vote in favor. Motion carries 5:0

BOS operating budget for roads and ADA for FY2021: MK motions to rescind, BM motions to second rescinding, all vote in favor. Motion carries 5:0

BOS and BOE capital budget for FY2021: MK motions to rescind, SC motions to second rescinding, all vote in favor. Motion carries 5:0

Debt Service to remain as is.

2) Public Comment

Linda Heynes: Linda requests that the BOE budget remain unchanged because when school reopens, social distancing may require smaller classes to keep students safe.

Karin Fallon: Karin asks to have a 0% increase in BOE budget, enrolment is declining year on year yet their budget has increased every year, with high unemployment and uncertainty due to the pandemic 0% is reasonable.

Elizabeth Reynolds: Elizabeth says do not cut the BOE budget, RPS has the lowest spend per pupil in our group which lowers the attractiveness of our town.

Stephanie Anderson: Stephanie says do not cut the BOE budget, value of houses in Ridgefield are tied to the quality of our school.

Julie Henderson: Julie says do not cut the BOE budget, students will need more support than ever after this pandemic and schools need the resources to support them.

John Ketterson: John asks if teachers are still being paid, are planned salary increases still going to happen? John says there is too much bureaucracy in the school and too little support for the teachers.

Alana deVita: Alana says no cuts to the BOE budget, school attracts new residents to our town, students will need more support after this pandemic.

Sandra Mahone: Sandra says do not cut the BOE budget, give BOE a min of 2.96% increase.

Joseph Mauer: Joseph no increase for BOE budget this year, there are many other great attributes in this town attracting new residents - not only the school.

Michael McNamara: Michael please support the BOE budget, we have great schools but our schools are not funded properly, a 1% tax increase could cover the school budget increase.

Jen Zaire: Jen recognizes the need to cut budgets but no cuts to the BOE budget.

Greg Kabasakalian: Greg is a BOF member listening in, recognizes that the town needs to take care of the 5000 students in our schools and the 25000 adult residents who pay the taxes that support this town.

Leah Hayner: Leah says no cuts to the BOE budget, students will need more emotional support when returning to school.

Rata Krell: Rata says no cuts to the BOE budget, the schools give life to our town and is the reason to live in Ridgefield, Rata supports a 1% tax increase to property taxes to cover the BOE budget increase.

Andrew Clavie: Andrew says no cuts to the BOE budget, the schools are the reason he lives in Ridgefield, a budget increase is needed to maintain the school programs.

David Yolan: David says no cuts to the BOE budget, keep our schools great, students will need more support after this pandemic.

Suzanne Sherter: Suzanne says do not cut the BOE budget, class sizes are large and will need to be smaller.

Mary Ellen Folley: Mary-Ellen says do not cut the BOE budget, students will need more support not less.

Jean Denning: no cuts to the BOE budget, students will need more support.

Public comment ended at 7h55. Rudy Marconi thanked everyone who gave comment, he said public comments are important. He said the Education in Ridgefield is a major asset to the town. He recognizes that the quality of education is important and that education is linked to house values.

3) Year End FY2020 Review

KR to gives a rundown of year end FY2020:

Not much has changed since the TriBoard meeting in terms of debt, it is still around \$600,000, the BOE potentially has a surplus of \$800,000 - but there are a lot of variables in there depending on if schools reopen in spring. The Fund Balance is at 10.4% = \$15,350,000. (SC asked about FEMA money.)

KR: This does not include the FEMA money. FEMA money will come in in FY2021 and the BOF may look at this as a source of revenue. In the scenarios we looked at we adjusted to include Parks and Rec net of \$250,000. There is a risk in interest income in the coming FY, the FEMA money could be used to offset any risk.

MK: asked about FEMA coming in to BOE budget.

KR: Town will submit a single joint FEMA request for both the Town and BOE. The money will come back to the Town as additional revenue in FY2021.

BH: what is projected (with regard to FEMA) - is it \$300,000?

KR: We are looking at receiving around \$375,000 from FEMA which is a net reimbursement of 75% of what we will claim.

MK: when we looked at the closing books of FY2019/2020 there is a Fund Balance in the athletics budget which is confusing to me. With the approximate \$135,000 savings in the athletics budget due to schools not being open, would that savings come to the town?

KR: when the BOE refer to a 'Fund Balance' I think they are referring to an athletics

fund balance, which sits outside the general fund.

RM: is that a special revenue account?

KR: Yes, we have over 100 non general accounts falling under the Town. There are a number of special revenue funds linked to the BOE - for example cafeteria, athletics (to name a few).

MK: in the BOE conversation they refer to money for pay to play, gate receipts, summer rental revenue for the gym. When was a special fund created and authorized to roll over these dollars, because historically this has never been the case?

KR: Special funds are not new; they have been in place since before I started working for the town. My vision is that the BOE fund their operating line partially from what goes into the special revenue fund. The special revenue fund collects gate receipts, booster money, concession revenue and then pays expenses from the fund for coaches, transport and equipment. The special revenue fund could end up with a surplus or a deficit in a given year which would need to be topped up when in deficit.

SC: The BOE reported on the school budget and their income and the BOE manage that.

RM: we do not know if the schools will reopen in spring. During the next week the Governor will make that decision and hopefully we know the outcome before the next BOF meeting. Based on this we do not know if we can count the fund balance is a surplus or not.

BM: In terms of the procedure with money in the special fund - the money should always go to the town general fund - there shouldn't be a revenue account where funds sit permanently.

RM: statutorily I do not know if they are allowed to do that, I assume they are doing things that they are allowed to do. Kevin?

KR: Some towns allocate revenue from sport activities to the general fund - a BOE doesn't recognize revenue. Other towns place the surplus in special revenue funds outside of the general fund. It is done both ways and after the budget meetings we can get together with the BOE to talk about the other funds and if they're in the right place.

JBH: I book the general revenues. We always get some checks from those funds that get deposited in the town account and then credited to the BOE expenses to reduce their expense account.

MK: I agree with Kevin with regards to having the next conversation. I agree with BM regarding allocation of funds to general account.

KR: The BOE can encumber funds but anything they do not encumber comes back to the town.

SC: I think Barbara is talking about the special revenue funds.

KR: The BOE general fund surplus comes back to the town, not the special revenue funds.

MM: It is telling that we do not know if they have a fund balance: do they have special revenue funds? There are 12-15 bank accounts, but there is no information forthcoming about these accounts or how they are funded.

RM: Are we looking at a shortfall of around \$600,000 at the end of FY2020?

KR: No. Yes, on the town side, but if BOE deliver the \$800,000 surplus they spoke about last week that puts the town up by a \$200,000 in total.

RM: But if we don't get that, is the \$600,000 deficit after utilizing the full \$1,675,000 allocated out of fund balance this year?

KR: Yes.

MK: Are you going to review the revenue numbers to update them?

RM: We looked at revising revenue numbers in the revenue meetings, I missed one due to illness but Barbara was there. Kevin please report on this and what the department heads are thinking.

KR: There are so many unknowns, it is difficult to come off of the budgeted numbers and forecasting is difficult because we don't know things like conveyancing, recording, and building.

RM: Are we on target for FY2020?

KR: Building is under and won't finish strong, conveyancing and recording has been doing well but there is a risk there in the next 2 months so I brought that flat.

RM: The \$600,000 takes that into consideration (KR: correct), Jane please report on the April collections.

JBH: We have \$4,600,000 still to collect for the budgeted FY2020. April 30 and May 1 are our biggest collection dates and mail is slow. I will be able to tell you on Monday where we stand. It is currently 1% behind what it should be for this quarter but the biggest collection days are still to come. Collections are doing fine so far.

RM: Is there reason to be concerned about the last quarter that may reflect some of the deferrals and low interest delays?

JBH: Low interest will affect us. And interest is down for April, May, June. Payments for delinquent taxes paid up through March stay at the statutory rate. Supplemental motor vehicle is light on previous years. People who deferred and are now selling. I have 11 applications for deferrals sitting at \$76,160 with 2 weeks to pay. These deferrals are for April deferral. Anyone wanting to defer in July needs to resubmit by July 1 to qualify.

RM: We forecast at a 98.7% collection rate for the year, will we meet that forecast? Previous years we have been as high as a 99% collection rate.

JBH: I am working to forecast; I expect a \$1 million shortfall on a budgeted amount of \$135 million for the year. There may be a lot of people who don't qualify for a deferral but will get the lower interest rate but they must still pay by June. (RM: where are we then? KR: there is risk but it is not easy to predict. MM: \$4.6 to come in by May 1? MK: Is \$4.6 million usual?) I don't usually look at my budget before the biggest collection day of the year. Late payments still come in in May and June - I anticipate \$2-3 million coming in in the next 2 months. People were holding off on paying until they knew what was being offered. We didn't change our collection day, it remains May 1.

RM: Any other questions for FY2020?

MK: Are we looking at other savings to offset the decrease in revenue?

RM: That is a good conversation for the BOF to have. (After May 1) We will get a good idea of where we are now. The \$600,000 deficit needs to come out of the fund balance to cover this year. (KR: yes, but there is the \$800,000 - or higher, refund expected from the BOE due to school remaining closed) or with BOE refund we are flat (BM: assuming the schools remain closed)

4) BOS operating budget for FY2021

RM: the FY2021 operating budget is impacted by the collection rate and the impact on adjustments. (KR: refers to a spreadsheet of different scenarios) As of April 29 one scenario - a 98.7% collection rate - includes a \$250,000 reduction in Parks and Rec revenues due to the closure. Current collection rates with Town at 1.2% and BOE at 1.5% we would have a use of \$1,950,000 to deliver a 0% mil rate increase bringing our Fund balance rate down to 8.98%. The next scenario is a 98% collection rate - with a 2% uncollectable, with Town and schools as above; that would require a \$2,869,000 use of fund balance bringing the balance down to 8.36%. The next scenario is a 97% collection rate - a 3% uncollectable, again assuming 1.2% for the Town and 1.5% for the schools, require a \$424,3000 bringing our fund balance below 8%. as a board we have looked at a 0% mill rate - should we look at a Mill Rate increase (based on what we heard from the public)?

MK: We should look at a reduction in our Mill Rate. there is a lot of uncertainty right

now. Unemployment in CT on 2009 was 7 232, UIF claims in March 2020 are at 23 264. Ridgefield is stronger than CT but we don't know our numbers yet. This pandemic is worse. In 2009 the BOE and BOS has a 0.8% increase.

RM: I don't disagree with you. CTDOL UIF assessment suggests an unprecedented unemployment rate. Many people who have never been unemployed before are now due to COVID. We have a tremendous fiduciary duty to the town as a whole. I am an advocate of good education but we must get through this together. An almost 4% increase to the BOE at this time is not attainable. We need to look at a 0% mill rate increase.

BM: We share the concerns of the parents; we do not disagree with any of what they said. But Karen Fallon spoke very well - BOE should have looked at declining enrolment some time ago and restructured. Now they have to look at it. For the BOE to start by saying the only thing they can cut is programming, is not true.

RM: If we look at a 0% increase - how do we get there? Will each board have to come at a 0% increase with deep cuts? If we look at Kevin's scenarios we will be using Fund Balance, keeping some Fund Balance available - we should use our Fund Balance with caution and not use it all right now because the next 18 months are uncertain.

BH: Uncertainty is high. My fundamental questions is: what is going to happen to the businesses? Schools are very important to the town, but we have other great departments like police, fire, roads, who need our support too. Our towns will lose 12% of our businesses per month of this shutdown - we could lose close to 300 businesses over this period of time. What is the impact on our revenue stream on that? I was disappointed at the comments at the BOE meeting - that the town must use the rainy day fund for the BOE, leaving us with no fund balance. The BOE comments were 'we should try to get as much as we can without doing the real work'. The BOE should look at line items on their budget and come back to us - that is their job. There are misrepresentations we must stop talking about - we are talking about cuts to increases, not cuts to budget. If BOE budget was left at the previous level with no increase, with declining enrolment rate they will have around \$600 per student more to spend. So why aren't we looking at that? The town budget has police, fire and roads to consider too. Even our most dire predictions are optimistic right now, with the uncertainty. I am looking at a 0% increase on both sides.

SC: Returning to school will be difficult and uncertain because of social distancing and more support needed. Everything will change. We know what their (BOE) budget will look like with a 3.96% and 2.5% increase but we don't know what it will look like at a 1.5% increase. Majority of public comment was to support the budget and we agree but not at 3.96% or 2.5%, that is not feasible. BOE must give us line item cuts. (BH: Cutting staff does not need to be done, there are other cuts they could make. It is not our job to go line item by line item on their budget, BOE must do that work. They could negotiate

with transportation and the union to look at cuts.) We are not telling BOE how to do it, but we don't have a fat admin burden at the BOE. We are behind on spend per student.

BM: In 2009 we had to reduce our budget - we asked the unions to renegotiate contracts, their only choice was to do that or to cut people (RM: we had to lay off people, and there were furloughs to give us the \$ value cuts needed.) There's no question that the schools are a big asset, but our biggest asset are our people - the diversity, the different age groups. I don't want the elderly driven out of this town because they can't afford a 1% tax increase, to support the schools. Some adjustment to class size should be looked at per grade. The reality is enrollment is down, the BOE need to think from the bottom up not just from the top down, but that is not our job, it will involve a lot more work on their part.

RM: We have gone back to the BOE budget. Should we stay on this topic or focus on the BOS budget?

MK: We should focus on BOS, we must lead by example. Are we looking at no increase? Are we looking at opening up contracts, looking at no increases?

RM: no, we must make our cuts where we can without reopening contracts and look at the future when the really bad news hits. At a 1.2% increase we have to cut about \$400,000 from our budget and at a 0% increase we must cut about \$1 million. We don't want to start laying people off. Do we take it out of roads? (KR: this board did a lot of work last time to cut the fat to keep the budget lean.)

MK: We were adding money to the budget because the public said they want roads repaired - can we delay the paving of the roads to take that out of the budget - Taking our \$500,000 of that budget?

RM: If we look at a \$550,000 cut to roads, and reducing heart and hypertension, and reducing other areas including personnel, that would get us closer to a 0% increase. \$380,000 worth of checks have come in from Town Aid - we could allocate all of that to the roads. This would hold us ok with roads and we could cut some of roads from our budget. That still leaves us with a problem of the \$280,000 savings to personnel needed. There is a vacancy at the police department that has been frozen that could reduce that budget, there are other positions that are vacant that could be frozen for the time being to help us make our way through this budget period to achieve a 0% increase. (KR: using the Town Aid money for roads is an option. We are in a good position with our inventory.) These payments are FY2020, not FY2021 - we don't know if we can count on Town Aid, LOCIP in the future.

BH: We don't have to look at 1.2% or nothing. We cut town people last time and feedback I got was that we cut the town people so tightly that it will impact services, it concerns me that we look at cutting personnel again. Is there an opportunity for BOS and BOE budget to hit something above worst case scenario and go in after the fact for a

special appropriation if we needed it? (RM: Yes, we modified our charter a few years ago to allow that. BOF has the authority to go up by \$250,000 without a town meeting and more with a town meeting.) If we have the ability to go back in the event of a worst case scenario to use a special assessment (RM: or the fund balance, BM: people would not have the money for a special assessment)

BM: The scenario where the town is at 1.2% and the schools are at 1.5% (RM: that requires a \$2.2-\$2.3 million use of fund balance) but that wouldn't take us below 8% of fund balance, it is below 8% where we would really need to start worrying.

RM: Correct. Currently our collection rate is at 98.7%, the feeling is that some adjustment should be made because FY2021 will be a difficult year. That variable has a huge impact on the bottom line for the town. At a 98% collection rate the fund balance percentage would be lower. Below 8% the bond lenders start asking questions - it has happened before and it affected our rating. After a recent meeting with Moody's, they have kept our AAA rating even with the uncertain future, they felt comfortable with Ridgefield. The BOF will look closer the BOS recommendations than ever before. Every dollar we reduce the expense side of the ledger, reduces the use of Fund Balance. What Bob is saying is somewhere between 0% and the BOS 1.2% and the BOE 1.5% would be optimal to keep our Fund Balance above 8%.

MK: Given the condition of the budget in CT, for us to anticipate getting money from the state, is another variable for us to consider.

(discussion went to grants from state) Grant money that we rely on from the state could not come in FY2021.

MK: at 2009 the town budget was at 0%.

RM: we had 0 revenue in 2009, this is different, we are looking at drop off but not 0.

BM: In 2009 we were in a more tenuous position with fund balance.

MK: We don't know what is going to happen in FY2021, it is different to 2009, but the onerous economic implication is looking worse.

RM: Yes, true. What you leaning towards?

MK: More towards 0%. Freeze positions. Or look at a 0.5%. A 1.2% increase right now would not be a fiduciary proper thing to do.

RM: My fiduciary responsibility is to deliver a 0% increase to the Mill Rate. How we get there - use the rainy day fund or other ways. We potentially are moving towards a recession or depression. We were at 0% increase last year, if we look at 0% this year, we are going to be laying people off, not just freeze positions. It is a difficult thing to put people out of work right now.

BH: I don't want to cut salaries or positions, but we should freeze increases for the time being. The goal is to come in with a 0% increase to the budget.

BM: The Fund Balance is at 10.4% - it is a rainy day fund and it is raining.

RM: Yes but the future looks even more dire.

BH: Question to Rudy and Kevin (we really need to ask Dave Ulmer this): Where do you think our bottom line is - how much can we take?

RM: 8% is the bottom - giving us almost \$3 million we can use now. We need to worry about the rating agencies. We need to keep our fund balance above 8%.

SC: 2% uncollectable is more conservative but realistic.

RM: it is a BOF decision how we establish our budget, if we reduce our use of Fund Balance, we need to reduce all our budgets.

JBH: To reinforce what Kevin said - 2% uncollectable is below where we have ever been, but seems prudent.

BH: Every year we look at the Town budget coming at 1-1.2% yet the School budget goes up by 2-2.4%. The rate at which the town budget goes up verses the school budget is not sustainable. To keep that mill rate at 0% with the use of Fund Balance, I think if we go for 1% then it should be for both Town and School.

SC: I'm not overly worried about a 1.5% versus a 1.2% (BH: the BOE must come back to us with line item justification) BOE must give us better information so we know what we are giving up.

RM: To go below 1.5% for BOE would mean deep cuts that would change the district a lot.

BM: I would support a motion to support a BOS ops budget of \$3,877,753 and BOE budget of \$99,666,666.

MK: Are we making decisions now with collections still to come in and unemployment rate still to be reported? I'm not convinced we need to make a motion tonight.

BM: My concern by not voting is that we are not compelling school to start to deal with the 1.5% increase. the longer we wait the harder it will be for the schools later on.

BH: School should be doing that right now. I would base my vote on solid information and there is a lot that we don't know right now. We could wait another day. (MK: we will have unemployment rates by the end of the week)

SC: Bob and Maureen make excellent points - we need more information before voting.

BM: I don't disagree but what is the point of tomorrow night's meeting.

RM: We have capital to decide on. My recommendation is that we wait, there are numbers out there that are key that we need to make this decision. Next Wednesday is the final night to put forward a recommendation the BOF would feel more comfortable with. Finance packages will be put together for you.

JBH: There is a pickup area in the front doors

RM: We will meet tomorrow night to vote on the capital portion of the budget. Everyone in agreement?

The decision is therefore that no vote be taken on the BOS Capital Budget at this meeting – it was agreed that more information is needed before voting.

MK: At the Tri-Board there was money to be saved on insurance.

RM: Bottom line is they had nothing to report except to look at workers' comp based on salaries - we could save there; they have made changes but there was nothing I could report regarding substantial savings. (Rudy read an email from Fairfield County bank regarding money for repairs to Barlow Mountain school roof, as well as insurance for sexual harassment claims, there will be an exclusion of coverage for loss at Shadow Lake and Great pond - we were unsuccessful in removing coverage from Great Pond.) Are there any other questions? (There were none for today.)

Motion to Adjourn - BH: made a motion to adjourn. BM: seconded the motion, all in favor. Motion carries 5:0.

Meeting duration was 2h40min.

Voting outcomes:

Rescind BOE: non-binding 2% increase for FY2021 budget – MK motions to rescind, BH motions to second rescinding, all vote in favor. Motion carries 5:0

Rescind BOS operating budget for roads and ADA for FY2021: MK motions to rescind, BM motions to second rescinding, all vote in favor. Motion carries 5:0

Rescind BOS and BOE capital budget for FY2021: MK motions to rescind, SC motions to second rescinding, all vote in favor. Motion carries 5:0

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