

TOWN of RIDGEFIELD TRI-BOARDS MEETING – NOV. 29, 2010

BOARD of EDUCATION, FINANCE, SELECTMEN SPECIAL MEETING

7:30 P.M. - Ridgefield Community Center
316 Main Street, Ridgefield, CT

REVISED/APPROVED MINUTES

These minutes are a general summary of the meeting and are not intended to be a verbatim transcription.

Agenda

1. Overview of Current Budget: Kevin Redmond, Controller, Town of Ridgefield
Paul Hendrickson, Business Manager, BOE
2. Comments from Board of Education, Board of Selectmen, and Board of Finance
Deborah Low, Superintendent, Rudy Marconi, First Selectman, Peter Gomez, Board of Finance
Chairman
3. General Comments from All Three Boards
4. Public Comments
5. Adjournment

In Attendance: BOE BOF BOS
Deborah Low Peter Gomez Rudy Marconi
Austin Drukker Jill Bornstein Andrew Bodner
Irene Burgess Margaret Price Sims Barbara Manners
John Palermo Marty Heiser Di Masters
Amy Shinohara Dave Ulmer

R. Marconi welcomed everyone and called the Tri-Boards Meeting to order at 7:30 p.m.

1. Overview of Current Budget –
Kevin Redmond, Controller, Town of Ridgefield

K. Redmond came forward to present an overview of the current budget for the Town of Ridgefield. Fiscal 2010 looks pretty good. The BOF had designated \$1 million of Fund balance to be used to balance the budget if needed. It appears that this will not be necessary or at least we will not need to use very little of it, if at all. Revenue income and the one-time tax sale event have helped, and we are under budget on all expenses. They are keeping a “close eye” on everything.

We are four months into Fiscal 2011 with revenues on target. A Revenue Committee, consisting of department heads with budget responsibilities, meets monthly and they do not see any problems at this time.

Regarding debt, over the last year and one half, we have refunded \$60 million in principal and interest resulting in a \$4 million savings. There are opportunities to do that again. Only about \$10 million in debt has not been refunded; we have refunded 90%. Most of that which has not been refunded is recent debt and is at a current rate of 3.6%. The balance is at a rate of 6 to 7%. We have about \$100 million in long-term debt with about \$83 million at 3.5% or lower. Debt service is down about \$200,000 thru Fiscal year 2012, another \$500,000 after that, and then the debt service amount goes down very significantly. We plan to spend about \$3 million in new capital expenditures, which we haven’t been able to do for the last couple of years.

The internal audit review is about 99% complete, and we are not aware of any issues. It is now report time and we have another month until we must file our annual report.

Paul Hendrickson -

Reporting on Fiscal year 2010, the Board of Education was able to return to the Town about \$130-140,000. We are on budget so far. Our first excess cost filing has not been made. Lower energy consumption, lower health and benefits costs, and income for Special Ed. have all helped. Two funds will expire at the end of this year. The BOE is meeting with the BOS on December 1st relative to the boiler replacement needs at Barlow Mountain Elementary, hoping for approval of a maximum of \$89,000. Last year \$380,000 was put aside for boiler expenses at Branchville. We had three bids; accepted the lower bid of \$266,000 and this bid therefore opened up \$114,000. Regarding State and Federal grants, the State of CT has reduced the amount to what the Federal government is giving. The ECS grant of \$171,000 over two years is expected to be received by the end of this fiscal year.

Marty Heiser of the BOF, commented on the “good news and bad news”. How come our estimate was off by so much for Branchville? The specs were changed after we went out for approval of the expenditure. For this next boiler expense, have we reviewed the specs carefully? We do not like to seek approval for more dollars than what we really need. \$450,000 for 2011 is in the budget.

2. Comments from the BOE, BOS, and BOF –

Rudy Marconi stated that Controller Kevin Redmond had just laid out the financials. We have union contract negotiations coming up for three departments, Fire, Police and Highway; 2 in January and 1 in June. We are looking at HSA for a reduction in health costs. K. Redmond is working on a five-year projection with the various department heads. They are making a lot of assumptions, but so far the numbers do not look bad. We continue to have our AAA bond rating. The only question from Moody’s was regarding the contribution to the Pension Fund. We were down so significantly last year, but this has been turned around and the numbers are more favorable this year. The Pension Commission meeting asked for about a \$150,000 contribution this year. There will need to be a salary increase this year which we did not do last year. All increases are targeted for.

Regarding revenue, Boehringer Ingelheim announced a \$500 million five-year expansion, with the addition of possibly two new buildings. This would be a “windfall” for Ridgefield, as this possible income as not been budgeted. Permits could add up to as much as \$600,000. If this really happens, we do not know in which fiscal year the projects will start. Al Garzi is working on the grand list. Building permits are OK but not great. Regarding the conveyance tax revenue, we are seeing an increase in volume at the lower end – sales in the \$400,000 to \$800,000 range. There were \$42 million in sales for June with only one sale above \$1 million. The lower priced homes are being sold to families with school-age children. These sales may affect our school enrollment numbers. R. Marconi stressed how we are keeping all the numbers and projections very conservative – trying to “keep everything flat”. We are looking at a 2.9 to 3.0 mill rate increase based on our assumptions. We are looking at what we “have to have” and not what we “would like to have”.

The State of CT is currently \$3.5 to \$4 billion in debt. We are due \$1.7 million in ECS State of CT funding plus additional minor funding for sidewalks and roads. The municipalities are putting pressure on the State to not cut local funding, but the State will have to get the money from somewhere.

Peter Gomez inquired about benefit plans – What is in the table for discussion this year? R. Marconi indicated that this is a subject that is looked at each year and discussed. It is difficult to get the unions to go back to defined contributions. It is difficult to be retroactive and easier to go forward, but benefits

are always part of our union discussions. P. Gomez commented on how in these times we need to be looking at everything. Regarding pension assets, we are being asked to make up the deficit from last year. Ridgefield is in good shape, which is a fair assessment of our pension funding situation. P. Gomez stated how Ridgefield has made a “nice recovery over all”.

P. Gomez inquired as to the status of the proposed regionalization of the fire, police and courts. The courts have moved ahead regarding this, and Chief Burford has met with the fire departments of Wilton, Westport and New Canaan regarding the possible move to a central control system in Westport. Ridgefield and Westport would benefit the most financially from a central system. What about the Police? P. Gomez indicated that he has not heard much about the possibility of a central command for the Police Department. R. Marconi stated that Chief Roche is at the meeting this evening, but the response to this proposal should come from the Police Commission. The Police Department needs to be open 24/7 with their dispatcher working with our Police vehicles out on the road. This would be difficult to monitor as effectively from an out-of-town location. But there is merit in exploring the possibility and the Commission should look at the proposal as well.

R. Marconi stated how the municipalities are pressuring the State legislature to make financial decisions so that that local level is aware of what accommodations they need to make locally. Our budget numbers are due in May and we don't want to be scrambling at the last minute.

Deborah Low reviewed the school priorities. She commented on appreciation of this communicative and collaborative approach. In 2011, contracts, Federal and state mandates, and class size priorities are relevant issues as in every year. Other priorities change from year to year. The biggest initiative for 2010 was the full day kindergarten program. The program is going very well and is a huge boost to our district. For 2011, there are no plans for any huge expense items – no significant new costs. Long-standing class sizes have not changed. Dr. Chung's enrollment projections are going down but the projections are not as low as in past years. This year's enrollment resulted in 55 students above the K-5 projections. The questions are house sales, the birth rate and the economy. We have put our enrollment numbers as over 100 from the previous prediction. The question is when do our geographically-based school districts fit into five elementary schools? There will be a presentation on this subject tomorrow evening. All the contract negotiations are completed. Classroom support, books, technology and curriculum expenses are being carefully watched. With regard to energy expenses, our pre-purchasing has come out favorably. The joint Energy Committee audit is looking at our performance contracts and what savings we can realize long-term. Our transportation change to a four-tier system has resulted in substantial savings. HSA has allowed for a decrease in insurance costs again this year, but not the \$100,000 savings realized last year. The goal is to attract more employees each year to the HSA plan. There is savings still in future migrations to HSA.

The “wild card” is Special Ed. The number of Special Ed students identified has come down, but the number is not the total determining factor. There are some students with severe challenges. We are focusing on building our in-house capacity to avoid outplacement and outside providers. This will result in better service for our students once our staff is fully trained. We feel we “can do it better”, but there is a cost to doing training.

We do rely on IDEA grants and we expect these grants to remain. ECR (Excess Cost Reimbursement) is the “wild card”. We are hoping these dollars will come thru. They are the most volatile.

Marty Heiser asked for the projected increase number – Ms. Low responded that last year was 3.64. Mr. Heiser commented on how a community like Bridgeport receives 80% of their funding from the State. Our education cost sharing from the State is about 2%. A decrease in State funding does not hurt a town like Ridgefield as much as it would hurt some other towns/cities in the state.

The energy study is well done. John Palermo of the BOE commented on how it is a “roadmap”. Johnson Controls guarantees savings realized from investments. The Energy Committee needs to study and make recommendations as to which projects they would like to do and can afford to do. A. Bodner commented on how savings cost dollars to put into place. The study included some good ideas to implement. He would like to have the Energy Committee say what we “should do”. P. Gomez suggested a “working committee” with representatives from the BOE, the BOF and the BOS to work on this project – a working session to look at what would benefit our bottom line. R. Marconi inquired as to the fees for the guarantees. What about the competitive bid process which is required by our charter? What do we need to put out to bid? The fee to Johnson Controls is not spelled out in the proposal. J. Palermo stated how the research has now been done. He suggests that we look at projects which impact the schools and town buildings with 8-10 year return on investments and not the projects with a longer return than that. R. Marconi stated how it is important to look at how these projects with affect the capital budget. A. Bodner stated how Ms. Low commented on the enrollment forecast number for K-5. What about grades 6-12? These numbers would impact the energy study as well.

Marty Heiser inquired as to the imminent health and safety concerns? D. Low responded that additional nursing staff has been added, and the radon tests are coming back. She does not see any real problems in the near future.

Andy Bodner commented on the \$3.5 billion State deficit, with up to \$10 billion unfunded liabilities. We hope to continue to get grants which help to keep improving the Town. However if the new reality is that the State is in deficit, citizens are unemployed, and houses are not selling, we need to be aware of what the worst scenario can be and address that possibility.

Peter Gomez stated how if our Special Ed numbers are on the decrease, what is the total benefit of internalizing our training? D. Low responded that we are experiencing an increase in litigation and tuition costs. Our numbers are based on the students we have now, but others may move into Ridgefield. D. Masters commented on how we should not be penny foolish with regard to Special Ed. Regardless of the litigation, the child really needs the services. We are better to spend our money on the services rather than lawsuits which result in unintentional consequences. The focus of our Special Ed staff is always “student first”. D. Low stated how our early intervention program for Special Ed was outplacement. We have techniques that might well work in-house if we train and collaborate more. We better serve our Special Ed students by keeping them here in Ridgefield.

M. Heiser inquired about the BOE’s intention toward closing an elementary school? We are now hearing that the forecasted reduction in enrollment is not as low as previously stated. D. Low indicated that the BOE is waiting to hear Dr. Chung’s latest report and to look at all variables regarding districting and re-districting. When our program is neighborhood schools, then we have to look at each neighborhood. Amy Shinohara, BOE, stated how we need to consider carefully “when and how” if we want to close an elementary school. If we were to redistrict, could we close a school sooner?

R. Marconi stated at how we are looking at a 2.9 bottom line increase. The BOE submitted a 3.6 increase last year. There is no real difference this year from last. How do we get the numbers lower? We need to figure out how we can make this happen. 2% or less should still be the target. Jill Bornstein, BOF, commented on how if we have 400 less students and we cannot close a school, then when do we see some sort of savings from a decrease in enrollment?

Dave Ulmer, BOF, commented on the numbers. Will a 3% increase in the mill rate pass? Last year the increase was 2% and the year before, ½ of 1%. There are no revenue fixes here. The only one possibility is maybe something from Boehringer Ingelheim or an increase in housing starts. We are

saving \$200,000 in debt but \$450,000 is built into this year's tax reduction. The fund balance is up to \$8.4 million. A reduction in numbers is only achieved when every department looks carefully at what they are spending. Our various departments have done a good job for the last couple of years. We need to keep doing everything possible. What items are going to have to fall out if we want to lower the increase rate? That is the question.

Irene Burgess, BOE, stated how we are all going to be facing a tax increase from both the Federal and State level. Health insurance costs continue to rise. Ridgefield residents continue to pay out more and more. What is the balance between resident and business taxes? What can people living here really afford? We do not know what the State and Federal tax levels are going to be for sure. We need to impact our citizens as little as possible. Ultimately, we need to act.

Peter Gomez commented on how the BOF is looking beyond the next budget cycle. They are looking out three years. Our town like other Connecticut towns has an excessive dependence on property taxes. Connecticut property taxes are the second highest in the nation. That is where we get our revenue. There is no magical revenue stream in Ridgefield. There are no dollars coming in currently with the almost non-existent interest rate. The Town is getting built out. It is inappropriate for the Town to use the fund balance as the wedge in the operating budget. The State of Connecticut's \$4 billion deficit is a real concern. We need to therefore remain flat for this next budget year.

Barbara Manners commented on how the fund balance has been traditionally used to make up a budget deficit. We need to keep the fund balance above \$6 million. P. Gomez responded that this is a psychological change – using fund balance to build the budget. We should not be going into the budget cycle thinking to use the fund balance.

Andy Bodner stated how we have almost no flexibility. We have already deferred expenditures for roads and fire trucks. We have cut down everywhere. Our safety nets are not there.

Peter Gomez commented on how tonight's discussion serves to energize people's intentions. Let's all look where we can in small ways. What can we manage as a spending increase? - Flat and no increase? - Where we are now?

R. Marconi commented on how capital requests for the Library, the Police Station, the Fire Station – these are all out there!

R. Marconi opened the meeting to comments from the public at 9:30 p.m.

Ed Tyrrell, Pond Rd., commented on how the State is facing this huge deficit. We need to keep the school funding flat. Enrollment is continuing to decline – perhaps not as quickly as previously forecasted, but it is continuing to decline. We have heard from two consultants. There is a draft report dated October 13 which calls for a closing of Veterans Park School in 2012 or 2013. The BOE should act on the reports from the consultants.

Peter Fararo, West Lane, stated how he appreciates the transparency. He has two school-age children, and he does not want to see Veterans Park Elementary closed. He moved to Ridgefield because of the schools. He listened to Dr. Chung's report and does not see that this report is conclusive. He would like this issue to go to the voters for a decision. He wants to be able to vote on a proposal to keep both the Town and the schools running.

D. Masters commented on how many communities Mr. Feraro may have considered are going through the same financial stresses we are facing. We try to be very transparent and keep our citizens informed. Our challenge is to provide the most creative service possible to everyone in Town on a lean budget.

Linda Lavelle, Aspen Mill Rd. stated how the teacher's contracts are another "elephant in the room". The contracts mandate the raises. The financial scenario has changed. Many residents haven't had raises in a long time. The only way to keep the budget and taxes down is to have a zero increase.

Keith Miller stated how inflation has been "0". We are not passing for more services, we are passing for raises. We need to tell the unions to not come up with raises – it is not fair.

Marion Roth, N. Salem Rd., works with the Chamber of Commerce and commented on how every day she talks with people who have lost their jobs. Families have had to put off deferred maintenance projects. We need to look carefully and deep. There are so many empty storefronts in Ridgefield. Business owners are hurting. There are no extra dollars. Bonuses and the stock market are down. Where are the dollars to come from? Health spending is at 17%. She is urging everyone to look deep and hard and consider carefully any increase.

Kathy McGerald, Ramapoo Rd., stated how she welcomes the communication. We need to keep the discussion open. Could Veterans Park be closed in 2012-2013 if class sizes are raised? We need to plan ahead if the school population goes back up. What do we do then? We need to move thru this process together.

The meeting was adjourned at 9:50 p.m.

Respectfully submitted,

Janet L. Johnson