

**APPROVED/BOARD OF FINANCE MINUTES – REGULAR MEETING
TUESDAY, FEBRUARY 19, 2008**

A regular meeting of the Board of Finance was held on Tuesday, February 19, 2008 in the small conference room in Town Hall at 7:30 p.m.

Members Present: Marty Heiser, Chairman; Kevin Walsh, Vice Chairman; David Ulmer, Mr. Gomez, and Robert Cascella

Town Officials: Rudy Marconi, First Selectman (mid meeting); Jay Wahlberg, Controller; John Mannuzza, Assistant Controller; Al Garzi, Tax Assessor; Jane Berendsen-Hill, Tax Collector; Andrew Bodner, Selectman

Guests: Ed Tyrell, Golf Committee; Anton Steger, Golf Course Superintendent; Joseph Centofanti, Kostin Ruffkess; Vanessa Rossitto, Blum Shapiro; Keith Miller, BOE Chairman;

A G E N D A

1. Joint BOS, BOF, & BOE meeting on 2009 Budget
2. ~~Approval of Prior Meeting Minutes~~
3. Tax Collector's Report
4. Tax Assessor's Report
5. Internal Audit Report – Joseph Centofanti
6. Controller's Report
 - Financial Review
 - Transfers
7. General
 - Old Business
 - New Business
 - Communications & Correspondence
8. Executive Session – Accounting Controls
9. Adjournment

JOINT BOS, BOF, & BOE MEETING ON 2009 BUDGET

See BOS Minutes.

BOF MEETING

Mr. Heiser called the meeting to order at 7:45 p.m.

TAX COLLECTOR'S REPORT

Ms. Berendsen-Hill reported that she was “really happy” that the numbers came in right where they were supposed to be and that everything is looking really good “except for February” which might not come in right. Ms. Berendsen-Hill informed the BOF that total delinquent taxes are currently \$1.7MM, and, of that \$950k is deferred taxes. Accordingly, actual delinquent taxes for all prior years, but not the current

year, are \pm \$750k. Mr. Tyrell asked what percentage was never collected and Ms. Berendsen-Hill responded that the amount was very small (approximately \$50K annually) and usually resulted from parcels with cloudy title. Mr. Ulmer asked about supplemental taxes and Ms. Berendsen-Hill responded that her office had billed out about \$761k. Mr. Ulmer then noted that the prior years collections had another \$125k to go and Ms. Berendsen-Hill responded that there was no reason to believe that it won't be collected. She added that interest is less than it was last year because she no longer has the little windfall from collection.

Tax Collector's Report

Fiscal Year Ending June 30, 2008

	Budget	Q1	Q2	January	Y-T-D	% Cltd	Prior YTD as % of Actual
(in millions)							
Current Taxes	\$ 102.1	\$ 32.1	\$ 26.1	\$ 18.4	\$ 76.6	75.04%	74.62%
Supplemental MV	\$ 0.8	-	\$ 0.1	\$ 0.6	\$ 0.6	80.54	77.2
Prior Year Collections	\$ 0.5	\$ 0.2	\$ 0.1	\$ -	\$ 0.4	75.36%	75.28%
Interest & Lien Fees	\$ 0.3	\$ 0.1	\$ 0.1	\$ -	\$ 0.2	48.55%	63.32%
As of January 31, 2008	\$ 103.7	\$ 32.4	\$ 26.4	\$ 19.0	\$ 77.8	75.00%	74.59%

TAX ASSESSOR'S REPORT

Mr. Gomez thanked Mr. Garzi for attending the BOF meeting and said his presence was "critical" because the BOF needs a good handle on the revenue generating capacity of the Town.

Mr. Garzi said the current grand list changed 29.12% over the previous grand list. He added that real growth (without the re-valuation) was 1.329%. He said the Town sends out supplemental bills up to September 30, 2007 for whatever is going on in Town. The Town keeps two sets of books, the one we are working on for anything permitted October 2, 2006 through September 30, 2007; then we take the new figures and we go forward. For the last five years and grand list has grown between 1.25% and 1.5%. He explained that the revaluation, and resultant reduction in the mill rate, will result in a reduction in personal property and motor vehicle tax revenues.

Mr. Cascella asked for more information on the impact of residential vs. commercial tax base and revenues.

Mr. Garzi explained that Ridgefield's commercial base is comparatively small but it is strong because rents are strong. (e.g. \$42.00 per square foot on Main Street). Commercial values are based on rents. He said the legislature put the municipalities in a tough position by mandating re-valuations every five years. (35 of Connecticut's 169 municipalities have to conduct a re-valuation every year) He stated his preference for 8/10 years between re-valuations. He has done four re-valuations in Ridgefield. He has witnessed two declining markets in fifteen years. (one in the 1980's and the current declining market) He thinks the State's five-year cycle could have backfired on it.

Mr. Ulmer asked about the manufacturer's exemption (State reimbursement on machinery and equipment)

Mr. Garzi responded in terms of the Boehringer Ingelheim build-out, explaining that its Building #10 is not abated yet because it is still under construction. The Town abates 85% of the bill once the building is

completed. Boehringer's childcare facility is completed and the Town takes 15% of the value and abates the other 85%. Two thirds of the abatement is machinery and equipment.

CONTROLLER'S REPORT

TRANSFER #200810

WHEREAS, the Golf Course has encountered problems with the construction of the approved bridge.

WHEREAS, the bridge is incurring additional costs in connection with the pilings which had to be increased in length due to greater pond depths. The estimated additional cost is \$111,000 to complete the bridge.

THEREFORE, the Golf Course is requesting a special appropriation from the Capital Reserve Fund.

INCREASE:

30451-56817	Golf Bridge Replacement	\$111,000
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DECREASE:

31051-00000	Capital Reserve Fund	\$111,000
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Mr. Tyrell explained that the original budget for the bridge replacement project was \$225k and the Golf Committee now anticipates an overrun of \$111k. The original estimates the engineers made regarding the depth of the wetlands were substantially short of the mark. As a result, the length of the support pilings had to be augmented by putting pilings on top of pilings, which required many more pilings than originally factored into the estimate as well as expensive coupling hardware, chemical wood treatments and man hours. The original depth estimates were $\pm 8'$, the reality has been closer to 24' with the three deepest poles currently at 40', 46' and 50'.

Mr. Tyrell said the Golf Committee realized there was a problem very early on, but needed to wait in order to get a reliable projection to bring to the BOF.

Mr. Ulmer asked how the upcoming golf season would be affected with only half a bridge in place. Mr. Steger said the season was scheduled to open April 1, 2008 and they hoped to have the bridge completed by then. He explained that the work on the bridge was continuing uninterrupted. If the work were to stop considerable "restaging" costs would be incurred. Mr. Tyrell said the construction company is waiting for the delivery of more poles and, at this point in time, the original \$225k budget has not been exceeded.

In response to Mr. Walsh's question, Mr. Steger said the work began January 10, 2008 and Mr. Tyrell volunteered that several days were lost waiting for splicing materials and the polymer coating.

Mr. Gomez said: "For the record, I do like golf and I have played that course many times." He continued that the BOF's first responsibility was to preserve the integrity of budget referendums. He continued by saying that he was concerned by the absence of the engineers at the meeting to explain why their original estimates were so far off the mark. He said he was also concerned about the impact the added depth of the pilings could have on the ecosystem.

Mr. Tyrell responded that the wetlands only went down three feet and the added depth of the pilings did not have an adverse effect.

Mr. Steger said he was on-site each day and he saw no disturbance similar to what Mr. Gomez alluded.

Mr. Tyrell added that the permit contained no depth restrictions.

The discussion then turned to how the \$111k overrun should be funded. (whether from the General Fund, the Capital Reserve Fund, the Golf Course's operating budget, or some combination of same)

Mr. Gomez asked Mr. Tyrell if he supported taking the money from the Capital Reserve Fund as presented in Transfer #200810.

Mr. Tyrell responded that the first place should be the Fund Balance, the second place Capital Reserve, and the third place bonding.

Mr. Gomez said the transfer request would take 46% of the Capital Reserve Fund. He asked: "Why can't we have some or all of this come out of the operating budget?"

Mr. Ulmer asked Mr. Tyrell if his stated preference for bonding was a matter of timing or principle and Mr. Tyrell responded that it was principle.

Mr. Gomez said: "Why not self-fund this out of the current year's operating budget?"

Mr. Tyrell responded that it is a capital project and it is not appropriate to fund it out of the operating budget.

Mr. Gomez repeated that he wanted to respect the integrity of the referendum process.

Mr. Heiser said that it was clearly a capital project in that it had a 20 + year life and the cost was in excess of \$100k. He noted that the golf course generated at least a modest profit.

Mr. Gomez said he was not inclined to exhaust the Capital Reserve Fund on one project, but he was open to suggestions.

Mr. Walsh observed that the requested \$111k was, at best, a "rational estimate".

Mr. Ulmer asked what happens to any unexpended part of the \$111k, and Mr. Wahlberg said it comes back to the General Fund.

Mr. Ulmer then asked what happened if the \$111k comes from the General Fund, and Mr. Wahlberg said it goes back into Capital Reserve. Mr. Wahlberg added that if the Town bonded the \$111k any excess would revert to the General Fund.

Mr. Ulmer noted that the Board of Selectman approved Transfer 200810 on February 14, 2008.

Mr. Wahlberg said it was part of the budget meeting.

Mr. Ulmer responded that he had a problem with that, saying it went to Mr. Gomez' (clarity & transparency) point about the public never having an opportunity to examine the project. He continued that, if a taxpayer were to bring a lawsuit for allocating this money improperly, "I think we could have a procedural problem".

Phil Bauman was recognized by the Chairman and said: "This was a budget referendum approved for \$227k and, as a taxpayer who voted against it, adding 50% on is unfair to the taxpayers of Ridgefield.

Mr. Walsh asked for the golf course's perspective if the project is delayed another 30/60 days.

Mr. Tyrell opined a cost of \$90k/\$100k in lost revenue. Mr. Steger added that the bridge is the only way through thirty-seven acres of wetlands.

This discussion was continued at 9:40 P.M. after discussions with the Tax Assessor, the internal auditor and an Executive Session. By this time First Selectman, Rudy Marconi, had joined the meeting.

Mr. Ulmer repeated his concern that the discussion of, and subsequent vote on the Transfer #200810 was not properly announced in advance and the taxpayers were denied the opportunity to be heard on the subject. Mr. Marconi said the item was added to the Agenda at a BOS's meeting which the BOS is allowed to do in a legally schedule meeting. Mr. Ulmer asked when the item was added to the Agenda. Mr. Marconi said a 2/3 majority of the BOF voted to add the item to the agenda at the beginning of the meeting.

Mr. Gomez repeated his concern for the integrity of the referendum process, the lack of engineers at the meeting, and the 50% cost overrun on the project. Mr. Marconi stated that he did not agree with Mr. Gomez' concern over the absent engineers at all because "we know what the results would be". Mr. Bodner referred to Mr. Gomez' concerns as a "great post-mortem question".

Mr. Gomez again expressed his reluctance to deplete the Capital Reserve Fund and Mr. Marconi said "how you do it is your choice, the Finance Director made his recommendation to us (the BOS)".

Mr. Bodner opined that "it's all the same because it comes out of Fund Balance". He noted that \$1.2MM/\$1.3MM of revenue was in jeopardy which gave the unfinished bridge an emergency-level significance. Without the bridge, the Town has only a sixteen-hole golf course.

Mr. Ulmer reminded the meeting that, at the end of the fiscal year, there are pluses and minuses in the various line items and monies are transferred resulting in either a zero or a positive return to the Town.

Mr. Boder said: "It's the same money."

Mr. Ulmer responded: "It is and it is not. Something is going to hit the General Fund. If this comes from Capital Reserve we are not going to have Capital Reserve.... This year's operating budget is something that doesn't hit the taxpayers."

Mr. Walsh asked Mr. Wahlberg if he still recommended transferring the \$111K from the Capital Reserve Fund and Mr. Wahlberg responded that it is the "logical choice".

Mr. Gomez asked Mr. Tyrell to commit to writing an article for publication in the local newspaper regarding the cost overrun and the means of funding it. Mr. Tyrell said that the Golf Committee is an advisory committee to the BOS and that they will have that discussion.

Mr. Walsh made and Mr. Cascella seconded a motion to approve Transfer #200810 as written. Vote: 5-0. Motion **APPROVED**.

Mr. Ulmer asked Mr. Tyrell how the bridge-construction people were being paid and Mr. Tyrell responded that the first, and only bill so far, for the original material was paid ten days ago. He added: "two days after they finish Tony (Mr. Steger) and I can get something within 1% of the final cost."

Mr. Steger said he is on-site every day and is monitoring the work and the materials used.

INTERNAL AUDIT REPORT – JOSEPH CENTOFANTI

Mr. Gomez asked Mr. Centofanti to "walk us through" the internal operation review that Kostin Russkess is conducting.

Mr. Centofanti said he would look at procurement, and that he has already done a little bit of data gathering from the Town and the BOE.

Mr. Gomez asked Mr. Centofanti if he is working with the BOE's Business Manager, and Mr. Centofanti said he was working directly with him. He said he is looking at data on projects that have gone out to bid over the past couple of years. He has already identified what the Town/BOE is paying to their top twenty vendors. He is also looking at payroll information, as well as time and attendance information and contracts. He said that, as he reviews data, "things may come to my attention" that he would bring to the BOF for a decision to pursue or not.

Mr. Cascella asked when the report would be finalized. Mr. Centofanti responded that it depends on how the BOF wants the reporting, that some of the information (e.g. information on purchasing) would be available along the way.

Mr. Cascella observed that the RFP did not specify how the BOF wanted the report, and Mr. Walsh asked Mr. Centofanti if he had a recommendation regarding the report. Mr. Centofanti said that piece by piece made some sense.

Mr. Walsh asked Mr. Centofanti if he had any questions to ask the BOF. Mr. Centofanti asked about policy (e.g. regarding code of conduct; conflict of interest; fraud) which was not on the BOF's list. Mr. Gomez said that the BOF should consider creating such policies and asked Mr. Centofanti to make recommendations.

EXECUTIVE SESSION

At 9:15 P.M., Mr. Heiser made and Mr. Gomez seconded a motion to go into Executive Session for the purpose of discussing accounting controls.

Vote: 5-0. Motion **APPROVED**.

At 9:35 P.M. Mr. Heiser made and Mr. Cascella seconded a motion to come out of Executive Session.

Vote: 5-0. Motion **APPROVED**.

No action was taken during the Executive Session.

BONDING DISCUSSION

Mr. Heiser said that Mr. Ulmer and Mr. Walsh have expressed some interest in working with the Controller and the First Selectman to establish a protocol for determining bond amortization schedules when the Town goes out for a bond. Mr. Wahlberg stated his willingness to work with the BOF but stressed that the initiative needed to come from the BOF.

Mr. Gomez reviewed the last bond issue saying the full BOS was not given the opportunity to review it. The Treasurer said she had no say. The BOF was not invited to participate in the presentations by the bond advisor and the First Selectman basically said that he left the decision up to the Controller, so, basically, Mr. Wahlberg did it all by himself.

Mr. Wahlberg responded: "That's the way it melted down."

Mr. Cascella said to Mr. Wahlberg: "You are taking an unfair hit."

Mr. Walsh said that the Charter gave the responsibility to the Town Treasurer and the First Selectman. We just can't push ourselves into that decision because of the Charter. We need to be in the loop on this.

Mr. Cascella said he could not find it in the Charter. Mr. Ulmer said that the language regarding the First Selectman and the Town Treasurer is was not in the Charter, it is in the resolutions.

The Board of Finance reviewed the monthly financial report. Mr. Cascella expressed his concern that Parks & Recreation had exceeded budget on a particular line item. Mr. Ulmer questioned the \$54k overage on snow removal materials which took that line item over budget. Mr. Wahlberg reminded the BOF that their (Public Works Snow Removal) budget is always underfunded. Mr. Ulmer noted that General Contingency showed a \$43k balance because of the Boys and Girls Club \$40k request, and Mr. Wahlberg said he never picked up on that because the BOF sent the request back to the BOS and the item never came out of the BOS. Mr. Gomez said if the attorneys are billing in a timely fashion the Town is 83% expended.

Mr. Walsh initiated a discussion about limiting the number of meetings for budget discussions. Mr. Ulmer stated that the BOF's real job is revenue and capital.

Mr. Gomez made and Mr. Walsh seconded a motion to eliminate the budget discussions scheduled for April 14th through April 17th. Vote: 5-0. Motion **APPROVED**.

ADJOURNMENT

A motion was made by Mr. Cascella and seconded by Mr. Heiser to adjourn the meeting at 10:45 p.m. Vote 5-0. Motion **APPROVED**.

Respectfully submitted,
Karen Rodgers, Recording Secretary