

**UNAPPROVED MINUTES OF BOARD OF FINANCE SPECIAL JOINT MEETING  
WITH THE BOARD OF SELECTMEN AND THE BOARD OF EDUCATION  
TUESDAY, NOVEMBER 18, 2008**

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A regular meeting of the Board of Finance was held on Tuesday, November 18, 2008 in the Veteran's Park School Auditorium at 7:00 p.m.

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

Selectmen Present: Rudy Marconi, First Selectman; Joan Plock; Barbara Manners; Andy Bodner; and Di Masters

BOE Members

Present:

Present: Austin Drukker, Chairman Board of Education;

Town Officials: Kevin Redmond, Finance Director; John Mannuzza, Assistant Controller; Dr. Deborah Low, Supt. Of Schools and Al Garzii, Tax Assessor;

Guests: Nicholas S. Perna, Ph. D. Economic Adviser to Webster Financial Corp. and a member of Governor Rell's Economic Advisory Board.

Mr. Heiser called the meeting to order at 7:05 p.m. and informed the public in attendance that this was not a public budget meeting, that meeting is scheduled for March 30, 2009, and it is not a meeting about school conversions. He stated that the purpose of the meeting was for the three boards to compare notes and see if they are on the same page regarding the Town and School budgets. Mr. Heiser told the audience that he had read the emails regarding concern over possible school conversions, but tonight was not the time for that discussion. Tonight is for preparing for the upcoming budget season and setting the tone for the Town and School budgets that the BOARD OF FINANCE will receive in March 2009. He reminded everyone that regular meetings of the BOARD OF FINANCE, BOARD OF EDUCATION and BOARD OF SELECTMEN are always open to the public.

Mr. Heiser then introduced "local luminary" Nick Perna.

Mr. Perna said that it is really important to realize that we are in the midst of a very serious recession, and we have not yet felt its full weight. A lot the of the bad news has come from the financial sector. In the 1930's, unemployment went from 3% to 29%. There was no bank deposit insurance and no unemployment compensation. 1981/1982 was the worst recession which lasted five quarters with the unemployment rate rising four and a half points. In the 1975/1975 recession Paul Volcker, Chairman of the Federal Reserve, drove the prime rate to 21.5%. Interest on a thirty-year mortgage rose to 18%.

Mr. Perna believes we are not even half way through the current recession.. There will be a lot more foreclosures and job cuts.

Mr. Perna opined that the following will get us out of the current recession:

1. Decline in oil prices which is the equivalent of a major tax cut
2. The Federal Reserve beginning to cut interest rates
3. Another economic stimulus package

#### 4. No tax increases

Mr. Perna forecast the loss of 40k/80k jobs in the State of Connecticut. That range represents 2.5%/4.5% of the State. He reminded the audience that Connecticut lost 60k jobs in 2000/2001; while the early 1990's saw the loss of 160k jobs in the State. Mr. Perna said that Governor Rell has to act quickly.

Mr. Ulmer asked Mr. Perna if he has looked at the budget deficit for the State of Connecticut and how that might impact State spending, education re-imbursement in particular.

Mr. Perna responded by saying that every source of revenue seems to be under pressure, e.g. real estate receipts (conveyance taxes); corporate income tax. He added that everything on the expenditure side is under review. He counseled that Towns should prepare for the worst and assume reimbursements will be lower rather than higher.

Mr. Marconi spoke about the Town Budget, starting with the current fiscal year and saying that the Town is facing a decrease in conveyance taxes. In good times, Ridgefield would see between \$50MM/\$60MM of real estate sales and now the average is \$25MM per month. That decrease translates to a decline in conveyance tax revenues from \$900k to about \$600k annually. Interest income is down. Mr. Marconi forecast the interest income decline in the range of \$150k/\$200k "or more" given the continuing decline in interest rates.

Mr. Marconi said that Town positions that become vacant as a result of retirements will not be filled. Travel by Town employees is being scaled down or eliminated.

Mr. Marconi said the BOARD OF SELECTMEN met with the BOARD OF EDUCATION to see how it feels it can help reduce spending and, thereby, help to cover the anticipated shortfall. He said that he is confident after that meeting that "we can cover any short fall that we see now." He added that he does not know what will happen in the next three to four months.

Looking ahead to the 2009/2010 fiscal year, particularly 1) conveyance taxes; 2) interest income and 3) growth in the grand list; Mr. Marconi said that some towns anticipate 0/.5% growth in their respective grand lists. Mr. Marconi cited the deal that Ridgefield made with Boehringer Ingelheim several years ago that will insure Boehringer's continued expansion in Ridgefield and which will bring additional revenues in the form of building permits, real estate, and personal property taxes. He also cites the various banks that have been built in Ridgefield as well as several condominium projects. Summing up, Mr. Marconi said: "We are not looking too bad." The grand list comes together some time in January. Tax Assessor, Al Garzi, said he doesn't have the motor vehicle list from the State yet. The Town assesses personal property tax on 1,500 businesses in Town, and the filing for each needs to be examined and the tax computed.

Mr. Marconi said there has been no increase in real estate tax delinquents, but the Town has seen a reduction in the cash flow resulting from people who normally pay the full year's taxes up front, who are now only paying quarterly. He cautioned: "what's happening a year from now, we don't know."

Regarding State Reimbursements to municipalities, Mr. Marconi said there has been a lot of speculation as to what the State will do. He said Danbury Mayor Boughton has expressed concern about education cost sharing. "We are concerned that the State legislature will probably do something across the board. We anticipate an approximate 10% reduction in our educational cost sharing. This year Ridgefield received \$2,069,000.00 in cost sharing from the

State. Bad news is the 10% cut. Good news is we don't get very much money from the State now, so it's 10% of not much and we will not be impacted like the major cities that get hundreds of millions from the State."

Regarding energy, Mr. Marconi said that at the November 12, 2008 meeting with the BOARD OF SELECTMEN and the BOARD OF EDUCATION they moved forward with a group fuel purchase plan in order to realize some economies. Unsure if municipalities could purchase future oil and gas contracts, the Town conferred with its auditing firm, Blum, Shapiro and was assured that it can go ahead without a formal Town Meeting.

Mr. Redmond said the money would come out of Fund Balance as a management allocation, and it's a "non issue" from an accounting stand point. No money will not be paid out until the oil is delivered.

Mr. Marconi clarified that we are talking about the 2009/2010 fiscal year.

The Board of Education has established an Energy Committee.

The biggest bill the Town has is for electricity usage. Branchville School has switched to a solar hot water system.

Regarding the recently published policy not to fill vacant positions, Mr. Marconi said there will be some exceptions. The Town has hired a Parking Enforcement Officer, which position generates revenue twice its cost.

Mr. Heiser asked if the BOARD OF EDUCATION is ready to sign off on the ed specs on the schools buildings.

Mr. Marconi reported that the Master Building Committee voted to sign off on the projects at a recent meeting and sent that to the BOARD OF EDUCATION for acceptance. He reminded everyone that the State will conduct an audit which can take up to six months which will put the State reimbursement into the next fiscal year.

Mr. Marconi said that if the BOARD OF FINANCE is looking for a zero percent increase in the mill rate, or the amount of money that taxes will increase, then the BOARD OF SELECTMEN will count on the BOARD OF FINANCE to contribute a portion of the Fund Balance to that end. He said the Town is looking again at self insurance and may be willing to accept the high-end risk. "We have done that before and it helped us."

Mr. Gomez cited the 1.0%/1.3% growth trend in the Town's grand list over the last ten to fifteen years, and the total budget's average annual increase of approximately \$5MM. With a one million dollar increase from the grand list there's a gap of four million dollars that we has to be breached. Asking rhetorically where that money comes from, he responded that the lion's share has traditionally come from real estate property taxes. He noted that the million dollars taken from the Fund Balance to help offset the budget increases, has been possible because of year-end surpluses (resulting from both under-spent budgets and over-budget revenues). "Can we expect a \$1MM surplus when we end in June 2009?"

Mr. Marconi responded that he doubted there would be any surplus at the end of the current fiscal year.

Mr. Drukker said the BOARD OF EDUCATION is fully committed to providing first-class, quality education to the children of Ridgefield. He anticipates that working closely with the BOARD OF SELECTMEN and the BOARD OF FINANCE solutions will be found that will be acceptable to all. The BOARD OF EDUCATION currently has a hiring freeze in place for non-classroom personnel.

Mr. Marconi regarding the Pension Plan: The Pension Plan has been losing money. This year's funding request is for \$1.5MM which represents an increase of approximately \$200k. It is a difficult decision. Right now the Town is not looking at making personnel cuts but, "if we have to, we will". Once in the past when the unions were given the option to take a pay cut or eliminate positions based on seniority, the unions chose to eliminate positions.

Mr. Cascella asked if the Town would look at the potential sale of Town-owned properties as a source of revenue.

Mr. Marconi: "I do not have any intention of doing that." Talking about the old high school building which was built in 1917, Mr. Marconi acknowledged that it needs work but noted that it currently houses the BOARD OF EDUCATION offices, and the Ridgefield Playhouse. The Town currently has an agreement with the tenant to lease 22,000 square feet with \$600k being abated by the Town to offset the tenant's cost of repairs. Subsequent to the abatement, the monthly rent will be approximately \$30,000.00.

Mr. Cascella said he was not suggesting that the Town sell the building, but that the BOARD OF SELECTMEN "take a look at it."

Mr. Marconi said he did not agree with Mr. Cascella's suggestion, but if the BOARD OF SELECTMEN wanted that, he would acquiesce.

Mr. Ulmer noted that the Fund Balance is currently at 6% of expenditures. Mr. Ulmer further noted that the balance has been as low as 5% of expenditures and then was brought back up to 7% of expenditures the following year. "To be using a lot of the Fund Balance to buy down this year's budget will be a difficult thing to do and maintain the bond rating in Town." He suggested setting a parameter as to what the BOARD OF SELECTMEN's expectation ought to be.

Mr. Heiser said he thought "it's doable". He continued: "The Board of Selectmen has to do what it talked about in the memo." He cited declining enrollment in the schools as an element of savings. He reminded everyone that the Town turned down the first budget proposal for the 2008/2009 fiscal year.

Mr. Bodner: "I think the residents expect the Town to make good decisions. If the roof leaks, you have to fix it." He said he expects that the BOARD OF SELECTMEN will have few initiatives, but that the Town needs to supply a certain level of service, e.g. public safety and infrastructure maintenance.

Several residents spoke in favor of maintaining a high-quality school system.

The meeting adjourned at 8:35 p.m.

Respectfully Submitted  
Karen Rodgers  
Recording Secretary for the Board of Finance.