

**APPROVED MINUTES OF THE BOARD OF FINANCE REGULAR MEETING
TUESDAY, MARCH 17, 2009**

A regular meeting of the Board of Finance was held on Tuesday, March 17, 2009 in the conference room in Town Hall at 7:30 p.m.

Members Present: Marty Heiser, Chairman; Peter Gomez, Vice Chairman; and David Ulmer

Members Absent: Kevin Walsh, and Robert Cascella

Town Officials: Kevin Redmond, Controller; John Mannuzza, Asst. Controller
Jane Berendsen-Hill, Tax Collector

A G E N D A

1. Approval of Prior Meeting Minutes
2. Tax Collector's Report
3. Treasurer's Report
4. Controllers Report:
 - a. Financial Review
 - b. Transfer
 - c. Update on Refunding
 - d. Potential Gas/Diesel Purchase
 - e. Open Capital Projects
5. Discussion of User Fees
6. FYE 10 Budget Update
7. Old Business
 - a. New Business
 - b. Communications & Correspondence
8. Adjournment

Mr. Heiser called the meeting to order at 7:30 p.m.

APPROVAL OF PRIOR MEETINGS' MINUTES

A motion was made by Mr. Heiser and seconded by Mr. Gomez to approve the Minutes of the Board of Finance's February 17, 2009 meeting with corrections.

Vote: 3-0. Motion **APPROVED**.

TAX COLLECTOR'S REPORT

Tax Collector's Report

Fiscal Year Ending June 30, 2009

Prior YTD

(in millions)	Budget	Q1	Q2	January	February	Y-T-D	% Cltd	% of Actl
Current Taxes	\$ 105.6	\$ 31.6	\$ 27.4	\$ 19.8	\$ 1.8	\$ 80.6	76.36%	76.77%
Supplemental MV	0.8	0.0	0.3	0.2	0.0	0.6	77.50%	94.41%
Prior Year Collections	0.5	0.3	0.2	0.0	0.1	0.5	105.97%	76.27%
Interest & Lien Fees	0.3	0.1	0.1	0.0	0.0	0.2	67.60%	59.11%
As of February 28, 2009	\$ 107.1	\$ 32.0	\$ 27.9	\$ 20.1	\$ 1.9	\$ 81.9	76.48%	76.71%

Ms. Berendsen-Hill noted that prior-year collections have already exceeded budget, and current taxes is where the question is. She said taxes are not coming in the way she would like them to, the month of February's slow collections made her cautious. So far, the March collections are "okay". Ms. Berendsen-Hill added that Ridgefield is not seeing the fall off that other Connecticut towns are experiencing. Banks are now more aggressive about making mortgagors pay their delinquent taxes. Real estate prices are falling, depressing the value of the property that secures banks' loans and the banks want to make sure the taxes get paid.

Mr. Ulmer asked if any more motor vehicle tax collections were anticipated, and Ms. Berendsen-Hill opined that the \$600k revised amount will be collected. Mr. Ulmer asked how much was billed, and Ms. Berendsen-Hill responded \pm \$640k and people are paying off delinquencies because they don't want "bad news on their credit reports".

Mr. Heiser asked if Ms. Berendsen-Hill noticed any increased real estate activity, and Ms. Berendsen-Hill responded that January was a great month and February was an awful month. Real estate sales average about \$15MM per month. In January sales totaled \pm \$20MM and in February sales totaled \pm \$6MM.

Mr. Redmond noted that revenues from recording fees in the Town Clerk's office are picking up. Ms. Berendsen-Hill added that refinances are coming through like a "house on fire" which is helping keep tax delinquencies down.

TREASURER'S REPORT

Investments as of

2/28/2009

	<u>Amnt Invested</u>	
MBIA	\$ -	
Ridgefield Bank	\$ 13,188,171.64	1.02
STIF	\$ 1,591,768.92	1.03
Union Savings	\$ 532,894.90	1.05
Wachovia	\$ 2,987,946.11	0.40
	<u>\$ 18,300,781.57</u>	
YTD Interst Earned:		
MBIA	\$ 2,404.18	
Ridgefield Bank	\$ 161,329.70	
STIF	\$ 7,817.82	
Union Savings	\$ 53,903.64	
Wachovia	\$ 14,072.21	
	<u>\$ 239,527.55</u>	

CONTROLLER'S REPORT

Transfer #200907

The Board of Selectmen wishes to transfer \$12,200 from Central Admin (Maintenance Agreements) to Commissions and Committees Admin (Economic Development Commission) in order to fund phase 2 of the plan of conservation and development.

The Board of Selectmen is requesting approval for the following transfer.

INCREASE:

10180-52125	Commissions and Committees Admin – EDC	\$12,200
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DECREASE:

10040-52026	Central Admin – Maintenance Agreements	\$12,200
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Mr. Gomez made and Mr. Heiser seconded a motion to approve Transfer #200907 as presented.

Vote: 3-0. Motion **APPROVED**.

Bob Knight, Chairman of the Economic Development Commission, joined the BOF at the head table. Mr. Heiser asked what the total EDC budget was, and Mr. Knight responded: \$15,500.00. He explained that the EDC wants to contract with Garnet Consultants to write Ridgefield's Plan for Economic Development, in conjunction with the Planning & Zoning Commission. Garnet is offering a 10% discount if the project begins immediately and works through the end of the summer. If the cost has to be divided over two fiscal years, then the EDC has to pay the full \$25k.

Mr. Knight said the EDC is composed of seven members with experience in finance, economic development, advertising, and corporate. It has defined five task forces to identify economic development for the Town:

1. Slumberjer
2. Branchville
3. Pond's Edge (a professional site on Rt 7)
4. Development of an art district in Ridgefield together with the Playhouse and the Aldrich Museum
5. Retail

The EDC seeks to avoid micro issues like signs and parking, even though parking is a big part of economic development and needs to be addressed. With Garnet's report the EDC will define real marketable steps toward developing revenue and jobs for Ridgefield. Mr. Knight opined that had Ridgefield had a plan of development ten years ago it would now have "shovel-ready" projects and a real plan in place. He said he hoped the BOF would view the \$12,000 less as an expenditure and more as an investment for Ridgefield. The EDC anticipates results within twenty-four months.

Mr. Gomez asked about the Branchville task force and Mr. Knight cited the transit hub at the train station, and the Wire Mill Project. There is currently no pharmacy in Branchville. Someone has expressed interest in a green-incubator project within an existing building in Branchville.

Mr. Heiser asked Mr. Knight if he could point to something concrete, and Mr. Knight responded saying: "I think that's what we are going to ask your help for."

Mr. Knight said the EDC has been in existence since last summer (2008), first with three members, then only two and now with seven volunteer members. He said that Garnet Consulting Services, Inc. is a Connecticut based firm, with low overhead. The Town of Guilford gave Garnet high marks. Garnet has worked with Planimetrics, and Planimetrics likes working with Garnet.

Mr. Gomez opined that the EDC was "woefully underfunded". He asked if any of the EDC volunteers were attorneys, and Mr. Knight responded affirmatively, that Chris Fisher is an attorney with a general litigation and real estate practice.

Mr. Gomez asked about when the legislative requirements to change zoning ordinances will be addressed. Mr. Knight cited the EDC's Mission Statement to take a pro-active approach to economic development in a co-operative relationship with the Planning & Zoning Commission. He said P&Z asks hard, but fair, questions, the EDC plans to work within the existing structure. Mr. Gomez advocated good communication among EDC, the BOS, BOF and P & Z to avoid having good ideas stalled. Mr. Knight said that First Selectman, Rudy Marconi attends the EDC meetings and the EDC has set up a rotation of its members to attend P&Z meetings. He said: "The last thing we want is to waste time and taxpayers dollars."

Mr. Ulmer asked if it was safe to say that the Garnet project was 90% for EDC purposes and 10% for the plan of conservation and development and, if so, why is it not in P&Z's budget. Mr. Knight said that Planimetrics is an economic consultant and it is fantastic at what it does. Garnet will fill out the portion of the Plan that Planimetrics does not address. The EDC will put a summary of the Garnet plan into the plan of conservation and development.

Financial Review

Mr. Redmond cited that "good news" that revenues have not deteriorated further. He said: "the snow budget is an issue." He noted that there might be some additional over time and contractual work from the early March snow storm. He said he did now know how much inventory (sand & salt) is actually on hand.

Mr. Ulmer noted that, in the month of February, the Town purchased more than the entire year's budget of sand and salt. "It seems out of control."

Mr. Redmond said it would be a worthy exercise to go back to the department heads regarding savings in their 2008/2009 budgets, noting that "all the heavy lifting (searching for savings) we are doing is covering the snow."

Mr. Ulmer said that the estimate is that \$1.2MM of the General Fund revenues will have to be used to cover this year's budget.

Mr. Redmond: "To be safe, I want to eliminate the deficit. I do think that some of the things (revenue items) will happen before year end, like Boehringer Ingelheim's building permits."

Mr. Ulmer: "We need to be real sure we are not double counting."

Mr. Redmond: "I am comfortable saying that we are going to come in flat for the year."

Mr. Ulmer: "The question is, how much of that \$1.2MM fund balance are we going to end up using."

Mr. Heiser asked about the current union negotiations, and Mr. Redmond said he has not been involved with the negotiations.

Mr. Tyrell, Golf Commission Chairman, said: "They just signed their next three-year contract. 3% in the first year. They are taking their raise six-months late with a net result of \$80k to the good in next year's budget. The teacher's union said "NO" to negotiations. He continued: "Danbury teachers went from something completely unaffordable to something that was unaffordable."

Mr. Ulmer: "They did say they will go back to the unions for \$400k, which represents 1% of their salary budget, and fringe benefits. Regarding special duty police and fire, Mr. Ulmer said they are way over in revenue and expenses on police and asked if the line item could be netted out like the ambulance service.

Mr. Redmond: "In the budget, both line items are zero and it will be accreted for police. For Fire, I have to look at that because I think we have revenue not the expenses."

Mr. Gomez asked if overtime work affected OPEB and pensions saying he was concerned that the rates are not fully loaded. Mr. Redmond said that OPEB is not tied to compensation, but he was not sure about pensions. Mr. Mannuzza opined that the pension basis does not include any overtime compensation.

Potential Gas/Diesel Purchase

Mr. Redmond said that, if the Town locks in rates now, the rate for gas will be \$1.70 per gallon and diesel fuel \$1.90 per gallon. Mr. Ulmer asked how the accounting for that is handled, i.e. "do we have to encumber fund balance, and disclose that we have a commitment?"

A motion was made by Mr. Heiser and seconded by Mr. Gomez to communicate the BOF's sentiment in favor of locking in gas and diesel prices to the BOS, as represented by the BOF's discussion with the Controller, with more specific comments on price and vendor.

Vote: 3-0. Motion **APPROVED**.

Update on Refunding the 2001 Bond Issue

Mr. Redmond said that the bond market has "turned against us", and "the opportunity may not exist to the same extent that it did in mid February". Had Ridgefield refunded in mid February there might have been some \$2MM in savings. Right now, this week the underwriters don't want to do it. Connecticut just came out with a bond issue of \$350MM, so the underwriters feel the market is already flooded with Connecticut paper. Norwalk, with a triple A rating, could not sell all of its thirty-year bonds. Mr. Redmond said that he and the selectmen were aware of the BOF's guidelines, i.e. spreading the savings evenly over the life of the bond, and were ready to go if market conditions became favorable. He said he thinks there is still \pm \$1MM in savings to be had, but it's a little disappointing when they had been looking at something substantially higher.

Close out of projects as of June 20, 2008. We're going to benefit \$92k from the close out of non-bonded projects. On the bonded projects, we will benefit \$121K, which goes back to Revenue. So if you look at misc. revenue in the forecast, we're under by about \$100k. This spread sheet is really our book of record here. I have to start tying these numbers back to something and make sure that I am comfortable with each one of these, which kind of brings me to the Bennett's Pond thing because that's the same thing where Jay (Jay Wahlberg, former Ridgefield Controller) had an analysis of where we were at a certain point in time. On this spreadsheet the thinking was that we bonded \$10.6MM so far, we got money from the State for \$4.2MM and we had expenses of \$13.1MM. So that's \$1.7MM, the thought being that we will still have some legal fees related to

this so there is \$1MM that you can pull back from this. The biggest question mark is in the fact that we haven't actually bonded that full \$10.6MM yet. It's available for bonding, but it has not all been bonded.

Mr. Heiser: So, the \$1.7MM, does it really exist?

Mr. Redmond: If you want it to.... here's the problem, there are all these bond anticipation notes that are tied into this. We did a BAN, we did a bond issuance, we did a ban, we paid down one portion of the BAN with the general fund, another out of fund balance appropriation, another portion out of a subsequent year. Mr. Redmond said the spreadsheet was misleading, i.e. "Bonding To Date" of \$10.6MM is not accurate, and should not be used.

Mr. Heiser: "For those of you scoring at home: we were supposed to get \$1MM from this Bennett's Pond thing, that looks suspect. We were supposed to get \$2MM from the school-construction close-out, that, if it comes, is coming not now. We were supposed to get \$1MM/\$2MM on redoing the 2001 bond issue, that hasn't worked out. We were supposed to get \$500k/\$1MM on the teachers' coming to grips with the health savings plan and that hasn't happened. I need some good news here pretty quick, because all these happy little ending things are coming up empty."

Mr. Redmond said the anticipated savings from redoing the 2001 bond issue were over the life of the bond, not just the next fiscal year.

Mr. Heiser: "I was at the Chamber of Commerce breakfast where the First Selectman took the podium and had bad news, bad news, bad news, but here's some good news, we're redoing some bonds, we're going to save a million bucks."

Mr. Redmond: "The refunding could happen at \$1MM next week. The school, I think, as far as we know that still should happen, but I don't think anyone is willing to make any commitments until it passes audit."

Mr. Mannuzza opined that the audit would start sometime in July or August at best for the Ridgefield High School and later in the year for East Ridge which has not yet been submitted to the State but may go some time in April. They just finished Scotts Ridge and instead of paying the State \$225k we are going to receive \$105k.

Mr. Gomez noted that it appears that a resolution of the Bennett's Farm litigation might be at hand and he asked what the revenue stream from property taxes offset by a reasonable expense estimate to service the new community might be.

Jay said that the money is available, it's yours, and that's where the confusion comes from because whereas it's available, it's not like we've already bonded it and it's sitting there. It's only available if you go out and bond it. The authorizations and approvals to bond it are all in place.

Mr. Heiser said he attended a meeting with State Representative John Frey that revealed the following: Ridgefield pays \$97.8MM in taxes to the State and gets back \$3.4MM in State aid to municipalities. The net difference going straight to Hartford is \$94.4MM.

DISCUSSION OF USER FEES **FYE 10 BUDGET UPDATE**

The BOF reviewed three different scenarios for the 2009/2010 requested budget showing variables in the amount of money taken from Fund Balance to offset the tax increase which would move from zero mill rate increase with \$2,276,381.00 taken from Fund Balance to a 2.12% mill rate increase if no monies were taken

from Fund Balance. It is anticipated that, if \$2,276,381 were taken from Fund Balance, the remaining balance would be \$7,927,259, or 6.54% of expenditures.

OLD BUSINESS

Mr. Gomez asked about the Playhouse entry on capital projects whether it meant the roof or the interior ceiling. Mr. Redmond said it was the interior ceiling, which is slowly lowering.

A motion was made by Mr. Gomez and seconded by Mr. Heiser that the BOF officially comply with the Town Charter and request three-year budgets from the Town and BOE, and immediately notify the respective business managers. Said three-year budgets to be provided to the BOF on or before March 30, 2009 so as to be available at the Public Hearing on March 30, 2009.

Vote: 3-0. Motion **APPROVED**.

Mr. Gomez said he was not opposed to summary-level budget forecasts as long as key budget drivers of expenses and revenues are disclosed.

Mr. Redmond said he was still holding an internal auditor's invoice for \$4,400.00. The BOF okayed payment of same.

NEW BUSINESS **COMMUNICATIONS & CORRESPONDENCE**

ADJOURNMENT

A motion was made by Mr. Gomez and seconded by Mr. Heiser to adjourn the meeting at 10:10 p.m.

Vote: 3-0. Motion **APPROVED**.

Respectfully submitted,
Karen Rodgers, Recording Secretary