

**UNAPPROVED
BOARD OF FINANCE MINUTES
THURSDAY, APRIL 2, 2009**

A budget deliberations meeting of the Board of Finance was held on Thursday, April 2, 2009 in the lower conference room in Town Hall at 7:30 p.m.

Members Present: Marty Heiser, Chairman, Peter Gomez, Vice Chairman;
Dave Ulmer; and Robert Cascella

Members Absent: Kevin Walsh

Town Officials: Rudi Marconi, First Selectman; Kevin Redmond, Controller; Deborah Low, Supt. Of Schools; Paul Henrickson; BOE Business Manager; Di Masters, Selectwoman; Police Chief: John Roche;
Parks & Recreation; Paul Roach

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

DISCUSSION WITH POLICE CHIEF ROCHE

Mr. Heiser questioned Chief Roche about the funds found last year to purchase police cruisers. The Chief responded that there was an unspent balance of capital money that had been earmarked and approved to purchase police cruisers. He explained that the money was unspent because the Department is careful with purchases and had not expended all the approved funds. Mr. Heiser asked if there were any other such funds. The Chief responded that there were not.

Mr. Gomez stated two problems with the Chief's request for vehicles: 1) it's an extremely difficult budget year; and 2) the way the Town pays for the vehicles, it does not bond vehicles and affordability is a big issue. Mr. Gomez asked what could be done to stretch the life of the existing vehicles. Chief Roche said that Chief Ligi had studied vehicle use/purchasing policy extensively and determined that the current system of replacement is the most cost effective; the vehicles take a lot of abuse; engine idling time adds one third to the mileage on the odometer; the officers need dependable vehicles for their work, etc. He said the leasing companies want the cars back after three years, the buyout option is too costly (\$19k to buy out a lease after three years versus \pm \$13k for a three-year lease). He explained that the new Ford Crown Victorias will not be received by the Police Department until May 2010 because Ford only produces them once a year and the Police Department is constrained by that schedule. After receipt of the vehicles, the Department sends them out to be equipped with police gear. Mr. Ulmer said the BOF needs to find a way to move the cost of the police vehicles out of bonding and into the Department's operating budget. Mr. Marconi said the Police Department needs the vehicles and Mr. Gomez responded that nobody is recommending a switch to horses.

Mr. Heiser asked what if the proposal gets voted down.

Mr. Marconi responded that it got voted down last year.

Chief Roche said: “That’s going to be a real problem.”

Mr. Marconi said that last year one police car was in the operating budget.

Mr. Ulmer noted that interest from bonded money and unspent money from non-bonded items remaining when the project is closed out goes into the Capital Reserve Account. Unspent money from bonded projects when the project is closed out goes into the General Fund. The savings achieved by re-financing the 2001 bond issue went to the General Fund. When interest rates were higher, the Capital Reserve Account was replenished, but now interest rates are historically low. There is only \pm \$100k in the Capital Reserve Account which could cover three cruisers and one unmarked vehicle. He reiterated that the cost of purchasing the vehicles has to be part of the Police Department’s operating budget.

Mr. Heiser asked about anticipated savings from the retirement of one police officer. Mr. Marconi said that retirement may or may not happen. If that officer does not retire, the union has to come up with additional concessions. The Police contract prevents the Town from imposing a wage freeze on union members, but allows the Town to demand other concessions, and the Police Union has come up with concessions equivalent to a salary freeze.

Mr. Ulmer asked how many cars the Police Department has, and Chief Roche responded that it has twelve Crown Victorias.

CAPITAL DISCUSSION

The BOF reviewed the list of proposed capital items and approved the following for bonding:

Recommended Fund F/Y 2009-2010	
HIGHWAY DEPT.	BONDING
Service Truck	\$ 55,000.00
Drainage/Waterway Work	\$ 200,000.00
Road-Class #2 Overlay	\$ 800,000.00
Guardrail Replacements	\$ 20,000.00
PARKS & RECREATION	
Trucks with Plow	\$ 30,000.00
Turf Tractor	\$ 17,600.00
F-10 Tractor	\$ 81,000.00
TOWN ENGINEER	
Playhouse Ceiling	\$ 50,000.00
Town Hall Generator Installation	\$ 40,000.00
Building Repairs	\$ 25,000.00
Barlow Water	\$ 350,000.00
SIDEWALK IMPROVEMENT	
State LOCIP Grant to be Re-imbursed	\$ 150,000.00

INFRASTRUCTURE	
Project Cost to be Re-imbursed by State	\$ 567,000.00
TOWN TREE WARDEN	
Tree Replacement	\$ 35,000.00
FIRE DEPARTMENT	
SCBA Equipment	\$ 57,000.00
EMS Cardiac Monitor	\$ 35,000.00
PLANNING & ZONING	
Plan of Conservation & Development	\$ 37,500.00
INFORMATION TECHNOLOGY	
Server	\$ 66,800.00
FINANCE	
Purchase Order Software	\$ 34,585.00
EDUCATION	
Asbestos Floor Abatement	\$ 135,000.00
HVAC Replacements	\$ 390,000.00
School Buildings/Grounds	\$ 32,000.00
COMMUNITY GRANTS	
Tiger Hollow Stadium	\$ 20,000.00
	\$ 3,228,485.00

The BOF discussed leasing, as opposed to purchasing, IT equipment with the Controller and agreed that leasing makes sense and should be studied.

The BOF discussed looking into five-year bonds instead of twenty-year bond when appropriate for the items being bonded but acknowledged that the total amounts would be low. The BOF proposed discussing this with Bond Counsel to find out what the parameters are.

Mr. Heiser asked Mr. Frederickson if the BOE had money set aside from the State for asbestos abatement. Mr. Redmond responded that there are Funds in a deficit position related to asbestos removal and, when the money is received from the State, those funds will be zeroed out. He added that the accounting for those monies was not complete and said: "We can track those checks and find out where they went." Mr. Redmond opined that the various State monies had been co-mingled.

A motion was made by Mr. Ulmer and seconded by Mr. Gomez to approve a bonding total of \$3,228,485.00 as listed above to be financed through bonding.

Vote: 3-1 (Mr. Cascella voting against the Motion)

Motion **APPROVED**.

The BOF did a recap of the General Fund as follows:

Beginning Fund Balance	\$ 9,903,640.00
Less 6/30/08 designated (encumbered)	\$ (1,200,000.00)
Boys & Girls Club	\$ (50,000.00)
Potential Surplus - FYE 2008/2009	\$ 200,000.00
Ending Fund Balance	\$ 8,853,640.00
Reserved for Encumbrances	\$ (750,000.00)
Unreserved Undesignated Fund Balance	\$ 8,103,640.00
as Percent of Expenditures	6.72%

Mr. Gomez asked: “How do we know there won’t be any other encumbrances?”

Mr. Redmond: “We don’t.”

Mr. Frederickson said he had no comment at this point in time.

Mr. Marconi said that there may be another layoff, in addition to the eight already made, this time in the Highway Department which informed him that they are not doing anything in the way of concessions/givebacks.

REVENUE DISCUSSION

The BOF turned its attention to the most-recent budget summary distributed by Mr. Redmond that reflects the benefit achieved from the refunding, the BOE’s budget at a 2% increase, and no input from Fund Balance.

Mr. Ulmer suggested the BOF try to realistically “tweak” up the revenue estimates.

The BOF discussed the following changes in revenue estimates:

1. Prior year’s tax collections from \$500k to \$550k
2. Interest and lien fees from \$300k to \$325k
3. ECS (Educational Cost Sharing from State) from \$85k to \$90k

These changes would result in the following proposed revenue estimates:

REVENUES

General Property Taxes	\$ 107,206,843.00
Prior Year Taxes & Supplements	\$ 1,150,000.00
Interest & Lien Fees	\$ 325,000.00
Intergovernmental	\$ 2,948,260.00
Licenses & Permits	\$ 517,000.00
Charges for Services	\$ 6,843,688.00
Revenue from Investments	\$ 250,000.00

Fines-Forfeitures-Penalties	\$ 71,000.00
Operating Transfers	\$ 371,940.00
Other Revenues	\$ 108,000.00
Use of Fund Balance	\$ 1,000,000.00
	\$ 120,791,731.00

The BOF then considered the BOE's requested budget at \$77,533,885.00 which represents a 2.00% increase.

Mr. Heiser expressed an interest in using more Fund Balance and reducing the BOE's operating budget slightly.

Mr. Cascella said he would like to use only \$500,00.00 of Fund Balance. He opined that expenditures were too high and that the Town could not continue to take from Fund Balance.

Mr. Gomez asked what potential uses of Fund Balance the BOF was not anticipating. The budget for snow removal was offered as an example.

The BOF tried to put a number on the anticipated State re-imbusement on school projects, but there were too many unknowns pending the State audit of the re-imbusement requests. Mr. Heiser said he was comfortable anticipating \pm \$2MM coming back from the State. Mr. Gomez said he was not. Mr. Redmond reminded the BOF: "I am sitting here with deficits." (money coming back from the State will first be used to zero out the deficit accounts and then, and only then, can it fall to the General Fund)

The BOF calculated the effect various uses of the Fund Balance would have on the percentage of fund balance to expenditures. Rating agencies are reputed to look for a percentage between five and seven percent and a "plan" to replenish amounts expended.

A motion was made by Mr. Ulmer and seconded by Mr. Heiser to recommend to the voters,
Town Budget of \$30,040,166.00
School Operations Budget of \$76,772,441.00
Capital Project Financing of \$100,000.00 to finance vehicles for the Police Department
Debt Service Budget of \$13,879,124.00 (2% less than last year based on the refinancing of debt)
Use of Fund Balance in the amount of \$1,000,000.00.

Vote: 3-1 (Mr. Cascella voting against the motion.)

Motion **APPROVED**.

EXPENDITURES	
Town Budget	\$ 30,040,166.00
School Budget	\$ 76,772,441.00
Capital Projects Financing	\$ 100,000.00

Debt Service	\$ 13,879,124.00
Total Expenditures (+ 0.18%)	\$ 120,791,731.00

If approved by the Ridgefield voters, the proposed budget will result in a mill rate of 20.00 versus last year's 19.91 mill rate, an increase of 0.47%.

ADJOURNMENT

A motion was made by Mr. Heiser and seconded by Mr. Ulmer to adjourn the meeting at 9:56 p.m. Vote: 4-1. Motion APPROVED.

Respectfully Submitted,
Karen Rodgers
Recording Secretary