

APPROVED
MINUTES FOR THE BOARD OF FINANCE REGULAR MEETING
TUESDAY, FEBRUARY 16, 2010

A regular meeting of the Board of Finance was held on Tuesday, February 16, 2010 in the Town Hall Conference Room at 7:30 p.m.

Members Present: Marty Heiser, Chairman; Peter Gomez, Vice Chairman; David Ulmer; Jill Bornstein; and Margaret Price Sims

Town Officials: Rudy Marconi; First Selectman; Kevin Redmond, Controller; Charlie Fisher, Town Engineer; John Palermo, BOE; Paul Sutherland, BOE; Russell Katz, BOE

A G E N D A

1. Ratification and Swearing in of Margaret Price Sims
2. Approval of Prior Meeting Minutes (1-19-2010; 1-28-2010; 2-9-2010)
3. Gas Line Extension – Rudy Marconi and Charlie Fisher
4. Tax Collector’s Report
5. Treasurer’s Report
6. Controllers Report:
 - a. January YTD Financial Review
7. BOE Year To Date Financial Review
8. Parks & Recreation Forecasted Revenue
9. Discuss Possible Extension of BlumShapiro contract
10. Election of Board of Finance Officers
11. Old Business
 - a. New Business
 - b. Communications & Correspondence
12. Adjournment

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

ELECTION OF BOARD OF FINANCE OFFICERS

Mr. Heiser nominated Mr. Gomez as Chairman of the Board of Finance. Ms. Bornstein seconded the nomination.

VOTE: 5-0. NOMINATION **APPROVED**.

Ms. Sims nominated Ms. Bornstein as Vice Chairman of the Board of Finance. Mr. Gomez seconded the nomination.

VOTE: 5-0. NOMINATION **APPROVED**.

RATIFICATION AND SWEARING IN OF MARGARET PRICE SIMS

Ms. Sims informed the BOF that her swearing in had taken place earlier in the day.

APPROVAL OF PRIOR MEETINGS’ MINUTES

Approval of the January 19, 2010 minutes was postponed to the next BOF meeting.

Mr. Heiser made and Mr. Ulmer seconded a motion to approve the Minutes of the BOF's Special Meeting on Thursday, January 28, 2010.

VOTE: 3-0-2 MOTION **APPROVED** (voting in favor of the motion: Mr. Heiser; Mr. Ulmer and Ms. Bornstein; abstaining: Mr. Gomez and Ms. Sims)

Mr. Heiser made and Mr. Ulmer seconded a motion to approve the Minutes of the BOF's Special Meeting on Tuesday, February 9, 2010.

VOTE: 4-0-1. MOTION **APPROVED**. (Ms. Sims abstained)

GAS LINE EXTENSION

The Board of Selectmen is requesting a special appropriation of \$400,000.00 for the purpose of calling a special town meeting that would allow an extension of the gas main from Catoonah Street to East Ridge Middle School and Veteran's Park School.

Rudy Marconi and Charlie Fisher joined the BOF at the head table for the discussion.

A preliminary calculation by the BOE assigned a 2.4 year payback to the project. When the calculation was revised to reflect updated costs, the payback period became eight years. Mr. Marconi explained that the gas main currently ends right in front of Town Hall. He noted that the furnaces in Veterans Parks and Scotts Ridge are "dual-fuel burners" that can operate on oil or natural gas. The Board of Selectmen has discussed extending the gas main from Catoonah Street to Market Street to the back of Veterans Park, over to East Ridge, through the East Ridge property, and back down to come out in front of the Police Station. He said they would eventually like to convert the Police Station's and the Venus building's furnaces to so that they could burn natural gas. He cautioned that there may be "pressure issues" at the end of line in front of the police station.

Ms. Sims asked if residents would be able to tap into the line, and Mr. Marconi responded in the affirmative. He added that the Community Center is hoping to tie in also.

Stating that the Board of Selectmen wanted to move forward with the gas line extension project, he said that Selectman Bodner suggested that, rather than putting the project in the annual budget under capital projects, they move on it now. He asked the Board of Finance to approve a special appropriation that would not have to go to referendum, but would require approval by a Town Meeting.

Mr. Ulmer asked about the project's time frame, and Mr. Fisher explained that he would have to design it and get the specifications out and then go out to bid, stating that would take until April or May. Mr. Ulmer noted that was the same time the project would come up or a vote in the budget. Mr. Fisher stated that, in that case, the Town would not be able to sign a contract until after July 1, 2010.

Ms. Bornstein asked what the down side of waiting for a vote would be, and Mr. Marconi responded that the project could be ongoing when school starts. Mr. Fisher added that the sooner the project goes out to bid the better off you are. He stated that there will be a lot of projects in progress, the contractors will be busy and might not have time for this project. Mr. Marconi added that, based on their experience in Town Hall, it could take a month to convert the burners from oil to natural gas.

Mr. Ulmer asked about the water line to Scotts Ridge. Mr. Fisher responded that the project would start in late March or early April, they are just waiting for the weather to turn. Mr. Marconi added that the money is all set.

Mr. Fisher said that Yankee Gas will be doing the installation along Main Street and the Town will be doing the excavating on Town roads and supplying the materials. He said it will be done in conjunction with his capital budget submission. He opined that the Town would be better off to have a contractor come in and get it done because the Highway Department's crew is very busy in the summer doing road work.

Mr. Heiser asked where the money for the special appropriation would come from, and Mr. Marconi responded that it was the BOF's decision. Mr. Redmond said he thought it should be bonded. Mr. Heiser stated that any special appropriation of \$3MM has to go to a referendum.

Mr. Palermo, in his capacity as Chairman of the Town Energy Committee, offered: "Something with an eight year payback is something you should move aggressively on." He stated he is in favor of putting the gas line in the open trench when it is there for the water line. (to Scotts Ridge)

Ms. Bornstein asked about the history of natural gas prices and was told that they are not subject to the same volatility as oil prices and they will remain well below the cost of oil.

Mr. Gomez noted that the 90-day time parameter on Yankee Gas's agreement to contribute \$225k to the project already expired. Mr. Marconi said he can verify that it's still good, but not tonight.

Ms. Sims noted that, if the costs of bonding are included, the cost of the project would be \pm \$581,741.00 and the payback would be anywhere from three to thirteen years, depending on the costs of gas and oil. She added that there are a lot of benefits to using natural gas.

Mr. Gomez asked if traffic control would be provided by the Town. Mr. Fisher responded that there would be no costs to the Town, that the biggest factor is working around the buses. He added: "I don't think it will impact traffic."

Mr. Gomez asked about the permit process and how long it would take. Mr. Fisher responded: "not much." He opined that the utility company has permits in place for State roads.

Mr. Fisher said that the Veteran's Park and East Ridge burners are ready to be converted to natural gas use and the BOE has people on staff you are licensed to do the work.

Paul Ciavarelli (39 Harvey Road), owner of Branchville Oil, who has the Town's oil contract this year, said that it cost \$6k to hook Town Hall into the gas main, and the other hook-up costs have to be added into the total project cost. He asked why Yankee Gas does not pay for the new line because they paid for the line coming into Town Hall. Charlie Fisher responded that Yankee Gas is constrained by DPUC rules requiring it to return 8% to its shareholders and, if they paid for this entire project, they would be unable to meet the DPUC's requirement. Mr. Ciavarelli noted that the respective costs of oil and gas have to be constantly monitored and conversions made in order to take advantage of any price variations in one or the other. He pointed out that the price of gas used in the gas main extension proposal was inaccurate, that Parks & Recreation pays \$.70 per 100 cubic feet, but Town Hall paid \$1.19/\$1.78. He recommended talking to Yankee Gas to nail down one price.

Mr. Ulmer asked if there would be any environmental studies required, or any remediation at East Ridge, and Mr. Marconi said he does not anticipate any. Mr. Fisher said he would check that out before the project goes out to bid.

Mr. Bornstein asked if there were any other project that has a shorter payback, asking: “is it (the gas line extension) really our biggest bank for the buck?”

Ms. Sims asked if Yankee Gas was the only available supplier of natural gas, and Mr. Fisher said that it had the only franchise in the area.

Mr. Ciavarelli said he though there were different providers of natural gas just as there are for electricity.

Mr. Heiser questioned making a special appropriation that only requires Town Meeting approval vis a vis putting the project into the budget as a capital item and having it go to referendum. The recent fate of capital projects at referendum was discussed. Mr. Marconi said that, generally speaking, it makes sense to make the special appropriation in that it is quicker and it is better to start the project sooner rather than later. He noted that capital projects, when grouped together at referendum, get voted down by the taxpayers. Mr. Heiser added we just get hammered (on capital projects at referendum). Ms. Bornstein suggested that gas main extension project stand by itself at referendum and be “special”.

Mr. Redmond said that, from a financing aspect, the project should be treated like any other capital item. Mr. Ulmer asked if anything special had to be done if the project was undertaken before July. Mr. Redmond said he did not think so, the appropriation would have to contain language stating that the project would be bonded. The Town would advance fund the project until it was bundled in with other capital projects and bonded. The new bond anticipation note is \$1.7MM. Current fiscal year’s capital projects and capital projects for the coming fiscal year will make three years of capital that could be bonded.

Mr. Ulmer asked the BOE representatives if doing the gas-main extension project would allow the BOE to lower the 2010/2011 Board of Education Budget. The response was: “ultimately” and “the gas price has to be locked in”. Mr. Palermo noted that 70,000 gallons of oil at \$2.20 (70k x \$2.20 = \$154,000.00) per gallon would come out of the BOE’s budget and be replaced by 70% of that cost (70% of \$154,000.00 = \$107,800.00) The difference between \$154,000.00 and \$107,800.00 is \$46,200.00.

Mr. Gomez noted the importance of discussing the various available energy options. He remarked that he thought the BOE was talking about closing Veterans Park School and now, it is discussing putting gas lines out to it. He said that he does not like referring things to Town Meetings, where twelve people show up and vote, rather than to referendum. He further stated he was not ready to vote on the appropriation and preferred to look at the information provided a little bit more. He said the BOF could hold a special meeting to decide on the appropriation if necessary.

Mr. Ulmer said he shared Mr. Gomez’ opinion about a Town Meeting vis á vis a referendum, but if there were savings on the BOE side of the budget, that had to be considered. He expressed his concern that a special appropriation would come from the General Fund and, if ever there was a project to be bonded, the gas main extension was that project. He added that now is a good time to bond because interest rates are so low. He said he could live with taking the appropriation to a Town Meeting and that we was willing to vote on the special appropriation tonight.

Mr. Gomez said he would like to hear from Superintendent of Schools, Deborah Low and to ask about potential reductions in the BOE’s budget as a result of the extension of the gas main.

The BOF agreed to hold a special meeting in a week.

TAX COLLECTOR’S REPORT

Tax Collector's Report

Fiscal Year Ending June 30, 2010

Prior YTD

(in millions)	Budget	Q1	Q2	Jan.	Y-T-D	% Cltd	% of Actl
Current Taxes	\$ 107.2	\$ 32.3	\$ 27.8	\$19.2	\$ 79.4	74.04%	74.72%
Supplemental MV	0.6		0.1	0.3	0.4	67.29%	88.16%
Prior Year Collections	0.6	0.6	0.3	0.1	1.0	185.88%	63.74%
Interest & Lien Fees	0.3	0.4	0.1	0.0	0.6	178.27%	47.78%
As of January 31, 2010	\$ 108.7	\$ 33.4	\$ 28.4	\$19.6	\$ 81.4	74.88%	74.55%

Ms. Bornstein noted that there was no budget for refunds made by the Tax Collector. She further noted some “slippage” on the overall rate of tax collections.

TREASURER’S REPORT/DISCUSSION

Investments as of February 16, 2010		
Ridgefield Bank	\$ 5,258,610.28	0.37
STIF	\$ 884,612.77	0.30
Union Savings	\$ 2,221,783.86	0.30
Union Savings CD	\$ 2,000,000.00	0.50
Union Savings	\$ 8,000,000.00	0.75
Wachovia	\$ 4,112,433.44	0.40
	\$ 22,477,440.35	
YTD Interest Earned as of 1/31/10		
Ridgefield Bank	\$ 22,114.44	
STIF	\$ 944.94	
Union Savings	\$ 7,579.57	
Wachovia	\$ 1,490.27	
	\$ 32,129.22	

Mr. Heiser asked about the \$8MM in the Unions Savings account and Mr. Redmond was unable to tell him what sort of account it was. Mr. Heiser said that kind of deposit, with a higher rate of interest than the others, is what the BOF has been looking to have done. Ms. Bornstein said it would be good to know the classification and term of account. She volunteered to speak with the Town Treasurer about it.

CONTROLLER’S REPORT

Mr. Redmond noted that the unanticipated \$800k in prior year’s taxes collected as a result of the tax collector’s enforcement actions was still okay, but that collections were trending a little lower and projections might need to be tweaked down a little. He said there were no issues with “intergovernmental” revenues.

Mr. Ulmer asked about the manufacturer’s exemption and Mr. Redmond said he was hearing that the Town might get some more.

Mr. Redmond continued with the review of revenues by noting that licensing and permit fees, as well as conveyance taxes seemed to be a little soft, saying “I am a little worried about that.” He anticipates ambulance revenues will be \pm \$60k over budget. The Town is using a new collection agency that charges 3% as opposed to the former agency that charged 10%. Golf revenues were adversely affected by bad weather in July and August. If this spring is not good, golf revenues will be about \$70k off for the year.

Mr. Bornstein asked about the Children’s Corner revenues and was told that they are still withholding rent over a water dispute. Mr. Heiser said the rent should be paid into an escrow account until the dispute is resolved. Ms. Sims agreed. Mr. Redmond said the Town attorney is working to resolve the problem. Ms. Bornstein said there should be a policy in place to handle such disputes.

Mr. Gomez questions Parks & Recreation’s liberal refund policy and suggested it could be staggered to refund a smaller percentage, the later the cancellation was received.

Mr. Bornstein noted that interest revenue is well behind budget.

Ms. Sims asked about Dairyland. Mr. Redmond said the rent abatement period has passed and Dairyland is paying full fare and they finally paid what they had been withholding because of a dispute with the Town over the destruction of some of their landscaping.

Regarding expenses: Mr. Redmond noted that the legal line was still looking good, adding that it did come in under last year. Ms. Sims noted that electricity costs exceeded budget in a couple of place. Mr. Redmond said he knew why the golf course’s electric line item was over budget because a portion of the club house was previously not getting charged.

Ms. Bornstein brought up the cost of snow removal, overtime and the cost of materials. Mr. Redmond said there is a special revenue fund “Town Road Aid” that receives State money and Peter Hill (Public Works Director) gave almost \$200k of that to snow removal. He has a “gentlemen’s agreement” this year to give \$100k from that fund for snow removal. Mr. Redmond opined that the snow removal budget is underfunded.

BOARD OF EDUCATION YTD FINANCIAL REVIEW

The BOE members present offered some guidance through the report’s new format. Mr. Palermo said he is Chairman of the BOE’s finance committee (Richard Steinhart and Amy Shinohara are the other two members) which meets once or twice a month and reviews the financial reports. He opined that the format of the previous financial reports was too hard to understand and admitted that the new format was “a work in progress” but a lot easier to understand.

Mr. Ulmer said that the BOF wants to know how much will be returned to the Town at the end of this fiscal year. Mr. Palermo said the BOE was running pretty close to budget, but assured the BOF that the agreed-upon \$80,000.00 would be returned.

Mr. Heiser asked about the savings that resulted from the contract negotiations. Mr. Palermo explained that teachers’ salaries are \pm \$35MM and were growing at 5.5% per annum. Now they will increase just 1% next year and the increase in benefits will be negative. The BOE is trying to move 50% of the teachers to a health savings plan. He added that the teachers union is behind the change to a HSA which is a big help. Dr. Robin-Forman Rose (12 Mulvane Court) was recognized in the audience and spoke in favor of HSA, noting her office (gastroenterologist in Danbury) has changed to an HSA and been happy with the result.

Ms. Sims expressed an interest in the BOE’s Energy Savings Committee saying: “... that’s right up my alley.”

Mr. Gomez reported that he spoke with Superintendent of Schools Deborah Low today and learned that ECS for next year will be flat. He said he is concerned about erosion and the BOE is looking at encumbrances for the next fiscal year that might be problematic if the budget is spent by April or May and then purchase orders are issued. Mr. Ulmer said he thinks the BOE “got the message” about end-of-year encumbrances. Mr. Gomez said he stressed the BOF’s need to get the BOE’s financial reports going forward.

PARKS & RECREATION FORECASTED REVENUE

Mr. Gomez said he spoke with Parks & Recreation Director, Paul Roche, today as well as with Phil Kearns. The P & R Commission meets next Tuesday and Mr. Gomez said the BOF was willing to wait until after that meeting to hear how P & R plans to address its revenue shortfall.

DISCUSS POTENTIAL EXTENSION OF BLUMSHAPIRO CONTRACT

Mr. Ulmer made and Mr. Gomez seconded a motion to retain BlumShapiro for three more years, with a two-year optional extension with the proviso that Vanessa Rossitto continue as the primary contact for at least one year.

Vote: 4-0-1. Motion **APPROVED**. (Ms. Sims abstained)

OLD BUSINESS **NEW BUSINESS**

Mr. Gomez said he was uncomfortable, given new information appearing during the day about the numbers provided in the gas line extension proposal, voting on the special appropriation tonight. He opined that the cost of financing would not change significantly in the next three months, and there would be no savings realized in the current fiscal year by approving the special appropriation tonight. He categorized a special appropriation as an “emergency type” spending apparatus for some event like a road cave in. The gas line extension project could, at best, be started in April which is only three or four weeks before the referendum. “Preserving the right for the voters to vote is paramount.” The First Selectman thinks the voters might not approve the funds necessary to extend the gas line. Mr. Gomez said it is not the BOF’s job to sell the gas line extension, it is the BOS’s job. He recommended the gas line extension stand by itself at referendum and not be lumped in with other capital projects.

Mr. Heiser expressed his agreement with Mr. Gomez and confidence that there would be contractors available to do the work three months from now. He said he did not like appropriations getting passed out of sequence. Saying he hoped he was wrong, Mr. Heiser opined that all the capital projects would be voted down. He said that was one argument for voting on the special appropriation now and added that he thought the gas line extension was a really good idea.

Ms. Bornstein said she did not think the voters would like a special appropriation and asked if there were any precedent for it.

Mr. Ulmer said the appropriation request should be put back in the budget cycle. He said he does not think the BOF has every gone to a special appropriation bond and he really dislikes the fact that the proposal has gone through the BOS with errors in it. He said the BOF and the public assumes the BOS has fully vetted such proposals.

Ms. Sims said she was strongly in favor of using natural gas. She has bothered by getting the numbers hand written at the eleventh hour. She noted that the savings will be in a range, not a fixed amount.

The BOF agreed that the budget process has to be respected.

COMMUNICATIONS & CORRESPONDENCE

ADJOURNMENT

A motion was made by Mr. Gomez and seconded by Mr. Heiser to adjourn the meeting at 10:00 p.m.

Vote: 4-0. Motion **APPROVED**.

Respectfully submitted,
Karen Rodgers, Recording Secretary