

Minutes  
RTM-Finance and Budget Committee  
Special Meeting  
Wednesday, April 27, 2016

**PLACE:**

Darien Town Hall, Room 206  
Meeting Starts: 7:40pm

**MEMBERS PRESENT:**

Jack Davis, Martha Banks, Terry Duffy, Bert Von Stuelpnagel, Lisa Yarnell, Debra Ritchie, Steve Anderson, Rob Cardone, James Howe

**MEMBERS ABSENT:**

Brent Hayes, Seth Morton, Charles Baldwin, Marlene Hayes

**OTHERS PRESENT:**

John Zagrodzky, Chair, Board of Finance; Sarah Seelye, RTM Moderator; Jill McCammon, CDSP Co-Chair; Shelly Skoglund, CDSP Co-Chair; Tara Ochman, Ox Ridge Chair; Stacey Tie, ELP Chair; Beth Dane, Cathy Butcher, Catherine Piorkowski, David Gurliacci

**CALL TO ORDER**

Jack Davis called the meeting to order at 7:40pm. There was a quorum with 7 of 13 members present.

The first order of business was to approve prior meeting minutes from February 29th, March 28<sup>th</sup> and April 20<sup>th</sup>. Each meeting's minutes was motioned and voted on separately for approval by those who were in attendance and abstained by those who were absent. All three minutes were approved and accepted into record.

Jack went on to state that although there was a gathering on April 4<sup>th</sup>, there was no quorum and therefore no minutes were taken. A short discuss was held and everyone then left.

Jack commented that at the last meeting there had been a discussion of maintaining the mill rate at the original planned increase of 2.48% and that he was authorized to speak to the Chair of the BOE and to the First Selectman to see if their Boards would consider any additional givebacks to achieve that purpose. He stated he had spoken to them each but that they were not prepared to offer any further givebacks to the budget at this time. They stated that if something did occur they would be supportive of the final decision of the full RTM.

Jack went on to say that since last week he did have a chance to look at the numbers and in reflection he would not now have voted in favor of the motion to recommend holding the mill rate at 15.73. His reasons were as follows:

- The F&B committee has expressed concerns that tax increases have not been reflective of the actual expense increases
- Draw down of the General Fund that is not supported by current year's actual revenue or tax receipts greater than budget is not sustainable
- As of March 31<sup>st</sup>, the tax revenues were \$107M less than the annual amount budgeted, and while this may not mean that tax revenues will not be achieved, it is unclear if this is consistent with prior years
- The increase in the Grand List multiplied by the current 15.35 mill rate, provides an additional \$750M to \$1MM of revenue covering expense growth beyond the F&B desired percentage
- The increase in tax is better reflective of the actual growth in expenses 3% versus 4% actual

Jack continued that the committee should consider the impact on the Town's General Fund. When we look at prior years we have been drawing down some in the past, but he sees a lot of potential future hits in 2016-2017 that were not typical of budgets in prior years such as:

- The Shuffle overage appropriation for about +\$550K that will need to be taken out of the General Fund.
- An unbudgeted EMT initiative that will be implemented estimated to cost between \$300M to \$500M.
- Based on timing of the bonding the Cafeteria and Public Works projects, which may have to draw down temporarily on the General Fund
- Eversource Lights that may or not be ultimately bonded

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- A risk to the Excess Cost Reimbursement (ECR), a \$2.3MM in the BOE budget
- Potential change in the past due tax rate, which is the maximum of what a town can charge. It is now at a maximum of 18% but legislation proposes to reduce it to 8%. Even wealthy towns like Darien will take a hit on that.
- Potential change in the contribution for new school construction/renovation grants from the State
- Sales Tax sharing for Darien will be reduced and may be eliminated

Jack further believed these present risks to the General Fund and the committee should take this into account. Jon Zagrodzkyi added that continued reductions in the General Fund could result in increasing taxes in future years to replenish the fund.

Jack stated a thoughtful approach with real analysis is the proper way to proceed. In addition, our taxpayers should understand that Hartford's actions created a tax increase for Darien. Also it sends the wrong message to Hartford, that Darien did not need those funds if nothing changed.

If funds are reinstated, the RTM would not need to effectuate cuts but rather can adjust the mill rate prior to the RTM vote in a special mtg.

Bert stated that he had carefully looked at our rating and there was no risk at all to our AAA rating. He went on reiterate that we did all vote not to take a mill rate increase the prior week and while he understands that there may be more cuts coming, and this may be a more balance approach to the budget which takes some from BOE, some from BOS and some from the taxpayers, he is troubled that not enough has happened and we do not know any more now than we did last week. He is not one who responds with a political response and is a numbers guy and wants to see more numbers to support the general picture and general response.

Jack re-stated that he still believes the demands on our fund balances are increasing; the drawdown on the General Fund does not correlate to taxes collected in excess of taxes budgeted as the Town was under forecast by \$107M as of March 31<sup>st</sup>. While this may be consistent with prior years, at this time total collections over budget is unknown.

Martha indicated that over the past five years the Town's increases in operating expenses (including those of the BOE), have significantly exceeded the rate of inflation. This year's 2.5% plus increase, while less than in previous years, is still greater than inflation. She stated that there are many upcoming expenses that will place pressure on the General Fund—paramedics, the shuffle overage, potential legal settlement, Weed Beach project, the public works garage. Etc. She suggested that cuts to the operating side of the budgets would force the Town and the BOE to deliver their services more cost effectively

A discussion ensued between Martha and James as to whether it was realistic to think we could take operating cuts at this point in time after nearly every line item had already been reviewed by their Boards over the past few months. Martha suggested that instead of an additional tax increase, which she was not in favor of an operating decrease goal amount be given as a lump sum request to each of the committees and they take ownership for where and how to achieve the cuts.

Jack stated the 2.44% increase was artificial to begin with as he had stated for the reasons earlier (revenue from grand list increase and draw down on general fund, etc.). He suggested a real working session during the summer with the BOS and BOE would be more productive with F&B being an active participant in looking at longer-term structural budget process changes as well as added resources to the Town. Jack felt it was started as a process with the BOF this year. Under Jacks proposal it is maintaining the budget without any further cuts right now.

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Jack then asked Sarah Seelye, Town Moderator, if you can make an overall dollar cut to the Board of Selectmen budget (as Martha had suggested) and Sarah said "Yes". The problem at this late calendar date is there are not enough weeks left for the BOS to go back and revise their line item details before we need to vote on their budget, therefore it would "fail" due to timing, until they had made the revisions.

Bert raised the question of how the RTM constituency is likely to vote and asked what has happened in the past if the F&B and BOF disagreed on their recommendations to the RTM? He suggested that the BOF and the F&B agree to what would be recommended to the RTM. It was discussed that two years ago there was not an agreement and many people were unhappy with the working arrangements between the committees. No cuts were offered this week by either Board, so Bert suggested that this time there might need to be a different kind of response to Hartford's action then there would be in the future if we had more time to respond.

Once more the question of whether the Town's tax collection is behind last years rate or whether it is a seasonal issue and Jon Zagrodzky, said yes, in fact collections are seasonal and the idea that we are \$100K behind the pace of last year of a \$140MM tax collection did not in his mind constitute a problem. He continued to say that the General Fund was now at \$16-\$17MM or just in excess of the 10% they keep it at and it was adequate for the next three to four years.

Jack suggested that it was still prudent to continue to feed and grow the General Fund in light of all the extraordinary expenses this year and not wise to draw down on it (even if the amount was only \$500K). Steve suggested that if they started working on the operating spending side, there might be a reduction of spending and thus an increase in the General Fund without tax increases.

Bert again asked how do we explain to the tax payers that we hadn't done this analysis already? Was it a matter of saying the State made the changes at the last minute and we could not anticipate it.? The RTM needs to know that we don't take this decision lightly to take a tax increase if it is needed, and we are going to start working diligently to cut down the Operating budgets on both sides even if we do take a tax increase from a mill rate of 15.7 to 15.83. We also got great performance on the pension this year, that may not be the case year after year. The RTM needs to find some way to monitor performance quarter after quarter so that the plan continues to be monitored and fiscally enforced.

Zagrodzky's comments on the BOF process on the budget was that:

- They had cut capital projects by deferring them, but could reinstate them easily if all the state cuts did not come through.
- By deferring them it also makes it more likely that they could bond them in the fall with the addition of a new garage, if they approved them now they would have to be paid for rather than deferred and not eligible for bonding. Not impacting the student experience.
- The cuts they made were proportional for the Town and the BOE to their budgets, they made up the final with tax increases, any cuts that did not come the money could go back into the GF to pay for things like EMS which was not budgeted.
- Applaud Jack's point that the Operating Budgets can be looked at and they will take time and thoughtfulness to do it, support this budget and launch the process over the summer.
- Lastly, he would absolutely support Jack's question of allowing the RTM to partner with the other groups to look at these together.
- We are being thoughtful and pre-emptive of the State anticipated cuts.

Rob Cardone suggested that all the constituents of the Town write a letter to each of the people in Hartford that effect these changes. (Duff, Terrie, Tong and Leong).

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**NEXT STEPS**

- 1) Next Meeting to be held on May 2, 2016 but the F&B will miss the Public Works presentation on the garage. Budgets for the BOS and BOF will be voted on at that meeting as well a new mill rate which will need to be voted on May 2<sup>nd</sup>.
- 2) A Special Meeting will be set up for at 7pm ET, May 9<sup>th</sup> to set the mill rate based on latest information from Hartford.
- 3) Jack to write a draft of what he is going to say to the RTM and circulate it to the F&B consistent with other committee reports. Martha has asked that it be posted before the meeting on the website.

**ADJOURNMENT**

Rob Cardone moved to adjourn the meeting. It was seconded by Debra Ritchie. The meeting was adjourned at 9:13 p.m.

Respectfully submitted,  
Lisa F. Yarnell, Clerk