

Minutes
RTM-Finance and Budget Committee
Special Meeting
Monday, April 30, 2018

PLACE:

Town Hall – Room 119
Meeting Start: 7:30pm

F&B MEMBERS PRESENT:

Banks, Carter, Davis, Duffy, Heitz, Martin, Mix, Orphanos, Tie, Von Stuelpnagel

MEMBERS ABSENT:

Howe, Pattelli, Silsby, Sload, Yarnell

OTHERS PRESENT:

From the BOE – Tara Ochman (Chair), Betsy Hagerty-Ross (VC), Duke Dineen, Jill McCammon, Katie Stein
From the BOE School Administration – Dr. Brenner (Superintendent), Michael Feeney (Finance), Michael Lynch (Facilities)

From the BOS – Susan Marks

From Town Administration – Kate Buch (Town Administrator)

From the RTM Education Committee – Ann Reed (Chair), Young Sup Lee, Barbara Thorne, Theresa Vogt

From the Darien News Review – Humberto

Other RTM – Patti Bumgardner

CALL TO ORDER SPECIAL MEETING

Jack Davis called the RTM F&B Committee meeting to order at 7:30pm with a quorum of 8 of 15 members present at that time – two other members joined shortly after the meeting began.

JD stated the BOF has decided to bond the turf field and the Holmes roof and skylight. These have been removed from the budget. The Committee will address these items at the time the bonding resolution is presented to the RTM. Bonding costs will be added to the total. Bonding these are consistent with the BOF bonding policies as the useful life exceeds 10 years and the amounts are greater than \$500m. In addition, the bonding of the turf field is consistent with comments made within this committee as to eliminate spikes in capital projects; smoothing capital over a period of time and having taxpayers not incur cost in a single year but rather spread among those have the use of the field. MB stated that with a shorter useful life she was uncomfortable with bonding especially as the Town could afford to incur the costs in a single year and the field had a useful life of 10 years. Both JD and KB stated that the bonding could have different maturity lives within a bond and that each item the fields and the roof/skylight were approved as separate bonding resolutions.

RTM resolution 18-7 Consideration and action on acceptance of gift of \$18,925 from the Darien Foundation for equipment replacement to TV 79 was move by ST and seconded by MH.

- This gift replaced \$25m of capital originally in the BOS budget
- The committee thanks the Darien Foundation for this gift

Resolution 18-7 passed 10 in favor, 0 opposed and no abstentions.

JD explained the overall process that F&B has voted separately on both capital and budgets for the BOS and BOE – even if the two are combined into a single RTM resolution. Such will be the case this year again.

RTM resolution 18-5(A) will be voted on in three separate parts within F&B. This is the transfer of capital from the General Fund to the Reserve Fund for Capital and Non-Recurring Expenditures. Here is where capital will be discussed. Some general comments.

- Capital requests were down for both the BOS and BOE over the prior year.
- The BOE capital, when viewed over the last three years, had the cafeteria expansion and the DHS storage facility moved from the 2016/17 year into the 2017/18 fiscal year. That amounted to approximately

\$1.25mm from the original capital requests. The BOS had their town hall generator (approximately \$265m) also deferred from fiscal 2016/17 to fiscal 2017/18.

- Reference was made to the excel spreadsheet that reconciled the original requested capital budget to the total approved by the BOF. (See exhibit at end of minutes.)

The first part of the RFCNE is for the BOS capital items totaling \$2,959,106. Motion was moved by ST and seconded by IM.

- TD stated there was no significant items in the budget requiring further discussion. Some Fire Dept requests had been removed during BOS budget deliberations.

Resolution 18-5 (A) (1) was passed 10 in favor, 0 opposed and no abstentions.

The second part of RFCNE is for the BOE capital items totaling \$1,275,930. Motion was moved by ST and seconded by PO.

- Question was asked regarding the electrical panel replacement at Ox Ridge. Tara Ochman stated that the panel was dangerous to work on and had to be replaced as the school replacement is at least two years away. Dr. Brenner added that it will be able to be used at future plans for Ox Ridge. JD stated that only the panel cost is able to be used – installation costs will not be recovered.

Resolution 18-5 (A) (2) was passed 10 in favor, 0 opposed and no abstentions.

The final part of 18-5 (A) is the sum of the two prior resolutions. JD stated the total needs to be confirmed as this is the amount in the resolution that will be presented to the full RTM. The total is \$4,235,036. The motion was moved by BVS and seconded by ST. TC added the amounts to confirm. Resolution 18-5 (A) (3) was passed 10 in favor, 0 opposed and no abstentions.

JD introduced the BOS Operating budget 18-5 (B) explaining it is composed of four distinct parts:

1. The BOS operating budget excluding the Library
2. The Library operating budget
3. All Town debt repayment as only the Town can issue not – thus all debt repayment for the Town, BOE and Sewer Authority
4. The tax portion of capital projects less revenue offsets which include certain state grants, rental and earnings on the RFCNE fund balance.

The following discussion ensued regarding the BOS operating budget:

- TD stated that the budget was well done and that during the BOS budget deliberations the civilian dispatch request by the Police Department was removed from the budget.
- BVS stated that this year represented a favorable tax environment as capital requests are down, debt repayment is down. However, the BOS budget was up about 3%. Kate Buch responded that the town requested a zero increase in all budgets. If next year, there are further reductions – there will need to be cuts in services provided by the town. BVS stated that the taxpayers should not expect continued reductions in the mill rate if expenses continue to increase.
- JD stated that during the review of the Library operating expenses, it was determined that the Library had not been incurring the pension expense associated with salaries charged to the Friends of Darien Library.
- JD stated that during the presentation of the budgets, the F&B report will discuss that the BOS, Library and BOE all incurred increased pension costs due to the recalculation of pension benefits associated with a change in the actuary.
- JD stated that new to this year's presentation, the amounts associated with the budget will be presented on overhead slides so that the RTM can visualize the amounts under discussion. JD has been working with Jenn Charneski, Darien Finance Director on the slides.
- JD stated that unlike the BOE budget, the BOS operating budget does not have any town revenues sans the revenues associated with the RFCNE fund. Town revenues are reflected in the mill rate calculation.

The motion was moved by ST for the amount of \$47,049,394 and seconded by TD. Resolution 18-5 (B) was passed 10 in favor, 0 opposed and no abstentions.

JD introduced the BOE Operating budget 18-5(C) explaining that the authority of the local BOE's are derived from the State of Connecticut Department of Education but are funded locally. As such, the RTM approves the aggregate amount and does not have line item veto as it does with capital (both BOE and BOS) or the BOS operating budget. JD further explained that the line items are placeholders.

TC discussed the BOE budget stating that it requires flexibility as new items, such as security initiatives, may arise that were not contemplated during the budget process. TC further expressed that the current budget was reasonable.

The motion was moved by TC for the amount of \$98,122,266 and seconded by ST. Resolution 18-5(C) was passed 10 in favor, 0 opposed and no abstentions.

JD introduced Resolution 18-5(D) which was the sum of the totals of Resolutions 18-5(B) and 18-5(C) explaining that in government it is important to concur on the appropriations total. After verification of the total amounts by members of the committee, the motion was moved by ST for the amount of \$145,171,660 and seconded by BvS. Resolution 18-5(D) was passed 10 in favor, 0 opposed and no abstentions.

JD introduced Resolution 18-5(E) for the appropriations for other funds for the fiscal year 2019. Kate Buch explained that these are self-funding transfers and do not require taxpayer amounts.

The motion was moved by TC for the appropriations for the other funds as follows:

From the Sewer Operating Fund	\$3,687,372
From the Sewer Assessment Fund	\$550,000
From the Sewer Capital Fund	\$143,000
From the Parking Lot Administration Fund	\$1,071,100
From the Parking Lot Capital Fund	\$382,953

The motion was seconded by PO. Resolution 18-5(C) was passed 10 in favor, 0 opposed and no abstentions.

JD introduced Resolution 18-5(F) establishing the mill rate at 16.08. JD reviewed the calculations explaining the revenue is deducted from the total expenditures to determine the amount of taxes required to be raised. That amount is divided by the adjusted grand list. The grand list adjustments are allowances for seniors, volunteers and veterans (including the tax rebate passed by the RTM last year.) In addition, the drawdown of the General Fund for \$1MM in prior years was eliminated. Instead the BOF adjusted the tax collection rate by reviewing actual collection rates over the last five years (adjusted for tax revaluations) less 25bp. The "Volpe Report" was reviewed. BvS asked the origination of the report. Kate Buch responded that this report was created by her in conjunction with a former BOF member, Tom Volpe, to better understand the mill rate calculation. The motion was moved by ST for the mill rate for the fiscal year 2019 to be 16.08 and seconded by BvS. Resolution 18-5(F) was passed 10 in favor, 0 opposed and no abstentions.

JD introduced Resolution 18-5(G) authorizing the town to borrow up to \$5MM explaining this was a cash management resolution although the funds have not been used in prior years. The motion was moved by ST for authorizing the town to borrow up to \$5MM and seconded by DM. Resolution 18-5(G) was passed 9 in favor, 0 opposed and 1 abstention (Duffy). The reason for the abstention was work related.

JD introduced Resolution 18-6 appropriating \$30MM for refunding of certain Town bonds and authorizing issuance of refunding bonds to finance such appropriation. JD explained that a number of years ago the Town missed an opportunity to refund and refinance certain bonds at a lower interest rate resulting in a lost opportunity to reduce interest costs. Since that time, the RTM pre-authorizes an amount should a similar opportunity arise. The motion was moved by ST for authorizing the town to refund and reissue debt to finance such refunding for \$30MM and seconded by IM. Resolution 18-6 was passed 9 in favor, 0 opposed and 1 abstention (Duffy). The reason for the abstention was work related.

A motion was made and seconded to adjourn the meeting at approximately 9pm.

Respectfully submitted,
By Jack Davis for Lisa F. Yarnell, Clerk

Attachment to Minutes

Reconciliation of Capital (See item 18-5 (A) Capital Analysis)

	BOF Budget		Final Volpe Report Capital	
Board of Selectman Capital (Note A)	\$ 2,959,106	\$ -	\$ 2,959,106	
Board of Education Capital (Note B)	\$ 2,854,993	\$ 1,579,063	\$ 1,275,930	(Note C:)
Resolution	\$ 5,814,099	\$ 1,579,063	\$ 4,235,036	
Less: Other RFCNRE Revenue Sources	<u>\$ (291,019)</u>	<u>\$ -</u>	<u>\$ (291,019)</u>	
Net Capital per Volpe Report	<u>\$ 5,523,080</u>	<u>\$ 1,579,063</u>	<u>\$ 3,944,017</u>	

Note A:

Original BOS Capital	\$ 2,984,106
Adj: Replace Channel 70 Equip	<u>\$ 25,000</u>
BOF Budget	<u>\$ 2,959,106</u>

Note B:

Original BOE Capital	\$ 2,906,295
Adj: Replace Bioler Room Sump Pump at Royle	<u>\$ 51,302</u>
BOF Budget	<u>\$ 2,854,993</u>

Note C:

Turf Field	\$ 575,000
Holmes Roof	\$ 879,471
Holmes Skylght	<u>\$ 124,592</u>
	<u>\$ 1,579,063</u>

Attachment to minutes – Volpe Report

	FY2017 Budget	FY2018 Budget	FY19 Approved	Variance	%
Expenditures					
Board of Selectmen	\$	\$	\$	\$	
(FY17 est)	26,936,397	27,685,983	28,554,556	868,573	3.14%
Library (FY 17est)	\$ <u>3,583,500</u>	\$ <u>3,685,375</u>	\$ <u>3,737,681</u>	\$ <u>52,306</u>	<u>1.42%</u>
	\$ <u>30,519,897</u>	\$ <u>31,371,358</u>	\$ <u>32,292,237</u>	\$ <u>920,879</u>	<u>2.94%</u>
Debt Service	\$	\$	\$	\$	
Town	3,058,591	3,726,847	3,650,972	(75,875)	-2.04%
BOE	7,683,294	7,193,667	6,454,503	(739,164)	-10.28%
Sewer	<u>804,105</u>	<u>818,347</u>	<u>707,665</u>	<u>(110,682)</u>	<u>-13.53%</u>
Total Debt Service	\$ <u>11,545,990</u>	\$ <u>11,738,861</u>	\$ <u>10,813,140</u>	\$ <u>(925,721)</u>	<u>-7.89%</u>
Board of Education	\$ <u>93,847,816</u>	\$ <u>95,874,776</u>	\$ <u>98,122,266</u>	\$ <u>2,247,490</u>	<u>2.34%</u>
Sub Total	\$ 135,913,703	\$ 138,984,995	\$ 141,227,643	\$ 2,242,648	1.61%
Town - Capital	\$ 3,164,227	\$ 3,456,003	\$ 2,959,106	\$ (496,897)	-14.38%
Bd of Ed. - Capital	\$ 2,016,000	\$ 3,254,653	\$ 1,275,930	\$ (1,978,723)	-60.80%
Less Other RFCNRE Revenue Sources	\$ (497,422)	\$ (391,590)	\$ (291,019)	\$ 100,571	-25.68%
Sub Total	\$ 4,682,805	\$ 6,319,066	\$ 3,944,017	\$ (2,375,049)	-37.59%
Total	\$ 140,596,508	\$ 145,304,061	\$ 145,171,660	\$ (132,401)	-0.09%
Revenues					
Other Revenues	\$ 8,184,601	\$ 8,764,002	\$ 8,719,150	\$ (44,852)	-0.51%
Fund Balance Contribution	\$ 1,100,000	\$ 1,100,000	\$ -	\$ (1,100,000)	-100.00%

Taxes Required	\$ 131,311,907	\$ 135,440,059	\$ 136,452,510	\$ 1,012,451	0.75%
Mill Rate	15.77	16.16	16.08	-0.08	-0.50%
Adj Grand List (98.9%)	\$ 8,313,280,966	\$ 8,379,203,901	\$ 8,485,949,736	\$ 106,745,835	1.27%
% Increase		2.47%	-0.50%		