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## **Finance Board Chairman Zagrodzky on the Town Budget's Pressures, Risks, Strengths**

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If Hartford cuts Darien's last remaining big grant or imposes mandates on the town that are unknown so far, Darien has fiscal resources to either avoid tax increases or minimize them, Board of Finance Chairman Jon Zagrodzky told the Representative Meeting on Monday.

Zagrodzky spoke Monday before the RTM took various votes on different parts of the town budget and on town taxes. In the end, after various discussions and debates, the RTM passed the same budget that the Board of Finance had approved back in April.

*Here's Zagrodzky's full statement to the RTM, as prepared:*

Good evening. I appreciate the opportunity to address you tonight about the budget.

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I'd like to start with a 'thank you' to the RTM for its involvement in this process. I very much appreciate your energy, ideas, passion and partnership. It's clear that everyone involved cares deeply about the town and its governance.

Whatever differences were apparent should not overshadow the well-meaning efforts of so many here tonight. I sincerely hope that the collaboration we have been nurturing between the RTM committees and other town boards will continue to grow and improve. So, again, thank you.

I'm here to reiterate the Board of Finance's support for the budget we passed and sent to you on April 11. I remain convinced that this is a reasonable budget worthy of your vote.

It strikes a responsible balance between constraint and investment, and it maintains our tradition of efficiently providing town services and a quality education for our children. The overall mill rate increase, at just 2.47 percent, is the second lowest increase I've seen in my nearly nine years on the Board of Finance.

Despite this high-level success, there has been a lot of concern in this body below the surface about specific initiatives as well as the specter of Hartford's financial challenges spilling over into Darien.

### **Fitch Academy**

One area of controversy has been the [Darien Public Schools] superintendent's plans to create the Fitch Academy, a separate high school within a high school, which is meant to address the needs of students who struggle in a traditional school environment and who would otherwise be candidates for expensive, out-of-district options.

There's a modest initial cost, with the prospect of a larger program in the future, but the goal of this experiment is to see if we can get a reduction in out-of-district placements.

Another source of success may come from revenue — if the program really works, we might be able to share it with other districts and charge them accordingly. Ultimately, the savings and revenue could offset the costs. I realize that long-term plans have yet to be fully developed, but surely this is an experiment worth pursuing.

### **Creating Positions for Department Heads**

Another area of controversy is the curriculum coordinators for both regular and special education.

I have made it clear for quite a while that one of the best ways to keep our long-term spending under control is to maintain a tight lid on staff growth. So, when I learned about these initiatives, I can assure you that they had my full attention.

I spent considerable time with [Board of Education Chairperson] Michael Harman and [schools

Superintendent] Dr. [Dan] Brenner to make sure I understood the rationale behind these efforts.

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*See also:*

- [Stevenson to RTM: Here's What Led to Town Budget's \(Slight\) Spending Increase](#) (May 9)
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As I understand Dr. Brenner's view, there are significant constraints in the district's ability to advance the quality of curriculum development, refinement and delivery, particularly versus what he experienced prior to his arrival in Darien.

I believe he carefully considered multiple solutions to the problem and was mindful of our admonition about personnel costs. He believes that this solution, while expensive, will resolve his serious concerns.

I remain worried about adding staff, but except for special education, district staff growth over the last several years, as [RTM Education Committee Chairman] Dennis Maroney described in last week's Education Committee meeting, has actually been quite constrained, which means that they have not been adding staff indiscriminately.

Dr. Brenner is the superintendent and has identified a problem he feels important to resolve, and he is still doing so while delivering a budget with just a 2 percent increase, a historic low and a percentage he intends to deliver next year as well.

Given his bottom-line stewardship and the careful trade-offs he has obviously made, I am willing to set aside, just in this instance, my strong aversion to staff growth. I think we should allow him the latitude to address these curriculum issues in the way he recommends.

It is worth remembering at this point, by the way, that neither the RTM nor the Board of Finance has the power to cut individual programs from the school budget. Overall dollar cuts, yes, but the Board of Education is under no obligation to direct these cuts to any particular program.

#### **DHS Cafeteria Expansion**

Let me now turn to the expansion of the Cafeteria at Darien High School. This project grew out of a need to address a very noisy and crowded situation, the result of separate cafeteria seating being lost when it was repurposed for classroom space, as well as poor design and value-engineering at the time the high school was built, a long-standing pathology in Darien that I will continue to fight.

I won't rehash the debate over this project, other than to state where I think we are now: the proposal recommended by the Board of Education solves the capacity and noise problem for a bit less than \$1.7

million. It was thoughtfully developed and argued at extreme length. It has significant parent support. It also meets an objective I've stated many times, which is that capital projects should be done once and done right.

The alternative proposal was developed with good intentions, which I applaud. Jay Hardison spoke with me at length about it, describing with considerable energy his rationale and the potential for \$1 million in savings. In the end, however, the Board of Education decided against it because they believed it did not meet their objectives.

#### **Improve the Process**

In addition, because of some confusion and miscommunication, it turned out that the potential savings were closer to \$200,000, not \$1 million, which made it far less compelling. And last week, the alternative failed win majority support in the Education Committee.

I agree that the process leading to this point was painful and disjointed. I will do all I can to help ensure a more constructive process for future projects. But we have given this project a fair hearing, with ample input from all parties. I believe the Board of Education's proposal is the right way to go, and that it merits your vote of support.

#### **Budget Wildcard: State Mandates, Funding Changes ...**

Finally, a few comments about Hartford. We are all aware of the financial difficulty, and we have heard Hartford's widely varying proposals to deal with it. Earlier plans included elimination of special education cost reimbursement and the imposition of teacher pension costs, the impact of which would have been north of \$6 million.

More recent proposals rejected these ideas, but at the moment, we still have no clarity about what to expect from Hartford. Your appropriation vote tonight will have to be made under this uncertainty.

#### **... But Darien Plays With a Strong Hand**

I think you can support the proposed budget comfortably, however, as we are well-positioned to deal with whatever Hartford decides. There are several reasons:

First, our fund balance is healthy and ready to help us. As a reminder, the General Fund fund balance is essentially the Town's financial reserve. Credit ratings agencies look at this balance as a percent of town revenue in determining a municipal credit rating. This balance will be approximately 11 percent of revenue by June 30th, which is within the range of their expectations for our AAA rating.

To supplement fund balance in the coming fiscal year, I plan to ask that we bond for the cafeteria project, assuming you approve it. This means that most of the \$1.7 million appropriated will instead go to fund balance. The bottom line is that with the budget before you, my sense is that we probably have more than \$2 million available next year to fund any charges imposed by Hartford.

Of course, Hartford could require something more than that, and recent news about income tax shortfalls suggests that this may be possible. While I don't expect anything significant for the upcoming fiscal year given how late we are in the process, the Board of Finance does have the ability to levy a supplemental tax assessment if needed.

We will do everything possible to avoid this imposition, but one benefit if we do is that it will help focus the minds of our taxpayers on Hartford's problems. I've found that such attention can be a valuable catalyst for change.

**Idea for RTM: Offer Budget Guidance to Selectmen, Board of Ed**

Longer term, we have another asset. Annual debt service now stands at about \$11.5 million, but starting in 2018, it will be \$1 million lower, and in another four years, \$5 million lower, which will be a good source of taxpayer protection to offset whatever might come out of Hartford.

Which brings me to a recommendation I have made to several of you. I know many are concerned about Hartford, and well you should be. Some of you have suggested that we need to cut the budget now as an anticipatory measure.

I would strongly counsel against this. Doing so in a small way creates animosity and doesn't really help taxpayers. Doing so in a meaningful way will require major changes, maybe even firing people, all at the last minute.

In my view, it will be better to instead begin developing guidance for next year's budget. You may decide to specify a flat budget, or even a reduction, which is OK. But by doing so this summer and fall, when Hartford's intentions are likely to grow more clear, the town and Board of Education will have time to implement your guidance responsibly.

In addition, we'll have an election in November to ensure that whatever guidance is developed is aligned with voter expectations. I will be happy to support any effort in this regard — and I do have my own point of view on this, which I'm happy to share.

**Leave Finer Details to Board of Selectmen & Board of Ed**

I would like to close with some thoughts about town governance. Every year, our annual budget moves through a particular sequence, with each party playing a discrete role. First, the professionals who run these functions — the town administrator and the superintendent — develop draft budgets.

Then [the Board of Selectmen and the Board of Education], two boards with direct oversight of these budgets, and with members elected at large, review and make detailed changes.

Their approved budgets then go to the Board of Finance, whose responsibility is correct mistakes, incorporate any new information, make sure the budgets are reasonable and prudent, and decide the right mix of taxation

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and bonding to fund them. The final step is the RTM's review and appropriation vote.

A key theme of these review responsibilities is that boards with direct oversight focus on the details, while the Board of Finance and RTM test the budgets at an overall level. An important feature of this structure is that it's efficient and minimizes redundancy, something that has been diminished recently.

As you think about your own interest in budgets, I would urge you to take the sequence I described into account. If you find yourself more interested in influencing the details, I would urge you to run for the Board of Selectmen or Board of Education, as that's where this kind of oversight properly resides.

That's all I have to say. Thank you for indulging me. I would be happy to take any questions.

*Editor's note: Darienite.com added the subheadlines, made minor editorial changes for our in-house editorial style and added a few explanatory phrases or office titles within brackets (“[ ]”).*

*Special thanks to Jim Cameron for making available to Darienite.com some of the photos he took for Darien TV79 tweets on Monday night.*