1. BET Budget Comm. Dept. Review Day 3 Documents

Documents:

SUB_TO_APP_BET_BUDGET_DEPT_REVIEW_DAY_3_MINUTES_02-09-15.PDF
APPROVED_BET_BUDGET_DEPT_REVIEW_DAY_3_MINUTES_02-09-15.PDF
TOWN OF GREENWICH
BOARD OF ESTIMATE AND TAXATION
BUDGET COMMITTEE

DEPARTMENTAL REVIEW DAY THREE FOR FY16 BUDGET
MINUTES

Town Hall Meeting Room – 9:00 A.M.
Monday, February 9, 2015

Present:
Committee: Marc V. Johnson, Chairman; Mary Lee A. Kiernan, Jeffrey S. Ramer, Leslie L. Tarkington

Staff: Peter Mynarski, Comptroller; Roland Gieger, Budget Director; John Crary, Town Administrator; Katie DeLuca, Director of Planning and Zoning; Allen Brown, Executive Director Nathaniel Witherell; Ray Augustine, Director of Financial Operations Nathaniel Witherell; Lloyd Bankson, Nathaniel Witherell Board; Joseph Siciliano, Director of Parks and Recreation; Thomas Greco, Assistant Director of Parks and Recreation; Jeffrey Freidag, Superintendent of Marine and Facility Operations Division; Susan Snyder, Recreation Division Supervisor; Bruce Spaman, Superintendent and Tree Warden; Maureen Tracey, Financial Analyst; Melissa Jones, Business Analyst; J. Wayne Fox, Town Attorney

Selectmen: John Toner, Selectman

Board: John Blankley, Bill Drake, William Finger, Sean Goldrick, Randall Huffman, Michael Mason, Arthur D. Norton, Nancy Weissler

Others: Greg Stump, Boomershine Consulting; Steve Warzoha, RTM Member; Leslie Moriarty, RTM Budget Overview

Mr. Johnson called the meeting to order at 9:06 A.M.

SPEAKERS

Law Department – Mr. Fox introduced his presentation by familiarizing the Committee with each staff members’ areas of responsibility, expertise, length of service and how their combined knowledge of departmental history and precedent facilitated TOG’s work. The Committee asked about the 3.8% increase in department budget and learned that the contractual, step increases and temporary salaries were primarily responsible.

The Committee learned about the various types of pending cases under review by the department. Mr. Johnson suggested that he and Mr. Fox work to set up an Executive Session with the Committee to discuss adequate funding set aside in the Risk Fund. Mr. Norton commented that during the Audit process, an Executive Session was held with the Auditor where all cases and potential settlements were discussed. Additionally, Mr. Mynarski offered that the amount of the potential settlements was reflected in the financial statement during the annual bonding process, and that the Risk Fund currently stood at $1.8 million.
Mr. Johnson expressed his thanks for the organization and responsiveness of the Law Department; Ms. Tarkington also thanked Mr. Fox for the department’s assistance to the Law Committee.

**Retirement/OPEB** – Mr. Mynarski informed the Committee that the Investment Committee would be voting on OPEB Funding Policy and the Budget Committee would be considering both the OPEB and Retirement Policy at their next meetings. Boomershine Consulting Group’s actuary for the TOG account, Greg Stump, was present and made a presentation on his actuarial analysis of the TOG’s retirement system and OPEB trust.

Mr. Stump explained that the Actuarial Valuation for TOG’s Retirement System was based on a model of contributions and return assumptions in order to define TOG’s operating budget contribution to fund the ARC (Annual Required Contribution). He noted that Boomershine annually reviewed calculations for the model and every 5 years reviewed the model’s assumptions. Charts demonstrating the difference of using 7% and 7.25% rates of return to determine the amount of the Town’s FY16 contribution to Retirement and OPEB funds and the amount of the unfunded liability were presented.

Mr. Stump noted that other AAA-rated Fairfield County towns typically funded their OPEB programs at 20%, whereas Greenwich’s funding ratio was about 30%; additionally, other towns treated their Workmen’s Compensation costs for retirees under the Operating Budget whereas TOG placed that liability in the OPEB Trust, reducing volatility in the TOG operating budget. Mr. Stump agreed that establishing a written OPEB policy would be an advantage. The Committee asked Mr. Stump to project how future Workmen’s Compensation, inflation and healthcare costs would impact annual contributions to OPEB. Mr. Drake noted that the Investment Advisory Committee proposed that TOG’s contribution to OPEB could be phased in over three years.

Ms. Kiernan asked why the eventual amortization target was 15 years, and Mr. Stump explained that 15 years was the average retirement period for TOG employees.

**Nathaniel Witherell** – Mr. Augustine began the nursing home’s presentation by indicating that a $1.2 million negative fund balance was anticipated for FY15 and that an additional contribution from TOG would be needed to end FY16 with a zero fund balance. Mr. Bankson read an email received from Board Chair David Ormsby suggesting that the Nathaniel Witherell Friends organization was projecting a fundraising collection shortfall of as much as $1.25 million by the end of FY16.

Mr. Brown offered an overview of factors that contributed to the negative balance including a 45-day delay in finishing Project Renew and the resulting lack of patient capacity during construction. Additionally, he noted that removing rehabilitation of Tower rooms from the project’s scope has made Nathaniel Witherell less competitive in the Greenwich marketplace of three other assisted living facilities with modern rooms and buildings. The delay in obtaining the Certificate of Occupancy has also delayed the receipt of the historic tax credit.

Mr. Brown commented that Nathaniel Witherell was currently subject to an unannounced state survey, which could impact their hospital rating because complications from ADP’s payroll implementation had inhibited their ability to provide current expense and payroll figures.

The Committee expressed concern about reducing future fund balance deficits. Mr. Brown identified several factors that were expected to continue to cause issues including no rate increases during construction; 80% of operating costs were in personnel expenditures; benefits
for employees; allocation of Town costs; and the majority of long term revenue was coming from less profitable Medicaid patients.

**Operating Budget** – The Committee asked why the salary line would be increasing by 7.7%. Mr. Augustine responded that a staff increase had been planned to accommodate the additional rooms and the contribution potential of the short-term rehabilitation population. The longevity payout and Holiday pay for PT and OT staff was also factor.

Revenues were reviewed and Mr. Bankson commented on the sources of revenue shortfalls: the number of private pay patients was overestimated; the reduction in the Friends contribution and, the Medicare/Medicaid reimbursement not keeping pace with rising costs.

Ms. Kiernan asked about Nathaniel Witherell’s ADP experience. Mr. Augustine reiterated that the report information needed to be addressed, as did mistakes on PT payroll. However, Mr. Augustine stated that ADP was an important advancement for the Town.

**Capital Budget** – Projects reviewed included nursing equipment; repair and replacement of water mains; and renovation of 22 rooms and public areas in the Tower area, which had been removed from the original submission of Project Renew.

Mr. Ramer and Ms. Tarkington suggested that the Capital items be prioritized and that some might be moved to FY17 as CIP expenses.

**Parks & Recreation** – Mr. Siciliano gave the Committee an overview of private donations received by the Department and the increased level of service fees that was responsible for the 3.79% rise in revenue. He commented that he would be asking to keep unspent capital appropriations as all projects we still ongoing.

**Revenues** – Mr. Siciliano commented that his department anticipated FY16 revenues of $4 million based on increasing the fee schedule. Despite utilization being down at the ice rink and tennis courts, club rentals and weather effecting visitor volumes, he felt that completing renovations and increasing the fees would still attract usage. Community Center programs staffed by PT and Temp staff enjoyed increased attendance and revenues. TOG’s golf course, “The Griff” was discussed as a revenue generator and Mr. Siciliano commented that he was looking for a new manager who would be able to enhanced profitability with tournaments, programming and rescheduling user groups.

**Operating Budget** – Mr. Greco reviewed results from the recent Town survey and that approximately 3,900 calls received by the office annually were unanswered creating a high unsatisfactory rating from residents. Outsourcing to a 24/7 outsourced call center was discussed. Salary expenses for Temps and longevity pay were reviewed. Mr. Ramer asked about ways to increase bathroom cleaning and “Blue Payroll”, citing the police oversight of hazards to residents during tree maintenance.

Ms. Kiernan asked for Mr. Siciliano’s comments on the implementation of TOG’s ADP payroll program; Mr. Siciliano responded that operational problems were experienced due to the complexity of PT input, lack of management tools and that data input wasted field foreman’s supervisory value. The department’s current solution was to maintain manual time sheets to reconcile incorrect paychecks.
Capital Budget – The Committee reviewed unspent funding for prior year appropriations including unreleased funds from Superstorm Sandy that would be used for shelters at Island Beach. There was discussion on quarterly and annual playground inspections, the cycle of boat and vehicle replacement and construction of boat slips at Byram.

Capital Projects for the FY16 budget included replacing PT staff with automated ticket kiosks at the Eastern and Western Civic Centers; studying the feasibility of upgrading GHS’ Cardinal Stadium with new bleachers, locker rooms and a concessions; upgrading the skateboard park; lighting the tennis courts; a new Zamboni for the ice rink; and the purchase various park and marine equipment. Ms. Kiernan asked about the recommendation by the Parks & Recreation board to convert fields at the middle schools to artificial turf. Mr. Siciliano acknowledged that this change would help meet the 5,000 hours of unmet demand for field time and improve the quality of play for BOE and TOG. He acknowledged that this capital item was not in the Parks & Recreation or BOE long range capital budgets.

The Committee asked about plans for various parks: how the Binney Park Master Plan would be affected if DPW moved the dredging/sedimentation project to FY18; Byram Park’s sewage pump replacement; and, Old Greenwich’s marina redesign.

The meeting adjourned at 4:26 P.M.

Respectfully submitted,

Catherine Sidor, Recording Secretary
Marc V. Johnson, Chairman
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