

1. BET Budget Comm. Review Of Operating Budget Day 1 Document

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TOWN OF GREENWICH
BOARD OF ESTIMATE AND TAXATION
BUDGET COMMITTEE MINUTES
2007-08 BUDGET
DEPARTMENTAL REVIEWS-DAY ONE
Cone Room
Thursday, February 15, 2007

Present:

Committee: Stephen Walko, Chairman, Edward Krumeich, Michael Mason, Larry Simon

Staff: Peter Mynarski, Comptroller; Roland Gieger, Budget Director; Ed Gomeau, Town Administrator

Board: Nancy Barton, William Finger, James Himes, Alma Rutgers, Robert Stone, Leslie Tarkington, Peter Tesei

Board Ex Officio: James A. Lash, First Selectman

Also Present:

Dr. Betty Sternberg, Dr. Susan Wallerstein, Tony Byrne, Colleen Giambo, Dr. Ellen Flanagan, John Curtin, Greenwich Public Schools; Bill Kowalewski, Executive Director, The Nathaniel Witherell; Board Chair David Ormsby; Finance Director Ray Augustine; TNW Board members Don Fritz, Paul Toretto, and Thomas Sicardi; Lynn Bausch, Director of Nursing, Jack Karnack, Facilities Manager; Jim Lavin, Retirement Board; Chief James Walters, Greg Hannigan, Captain David Ridberg, Captain Michael Pacewicz, Greenwich Police Department Joseph Siciliano, Tom Greco, Fred Walters, Dave D'Andrea, Lou Berlingo, Parks and Recreation; Sam Diebler, Commission on Aging; Allan Corry, Director of Parking Services Wayne Fox, Law Department

Mr. Walko called the meeting to order at 9:04 A.M.

Board of Education

Dr. Sternberg reminded everyone that this year's appropriation was \$113.865 million. The BOE is proposing a budget of \$119.787 million, which is a 5.2% increase. Nearly 1% of that increase represents utility and transportation costs, exceeding 3%.

The percent of students from homes where English is not the first language is 17.4% in Greenwich. In DRG-B schools, the percentage is 6.4%, and DRG-A, with which Greenwich is often compared is only 2.5% of students.

The number of children in the free or reduced price lunch program is 7% in Greenwich, 4.9% for DRG-B and 1.1% for DRG-A.

Special education prevalence rates in Greenwich are 11.7%, DRG-B 10.8% and DRG-A 10.1%.

Areas in which Greenwich has the highest variances:

- Reading
- English as a second language
- Pupil personnel services
- Gifted and talented
- Special Education

When comparing central office administration, Greenwich has fewer personnel than DRG-A and DRG-B.

In response to a question from Mr. Walko as to the criteria for the DRG's, Dr. Sternberg said that the DRG's are set by the state and use various wealth and education factors to determine which towns are in each DRG. Factors taken into account include economic factors, percent of single family homes, percent of students from non-English speaking homes, percent of students eligible for free or reduced meals and the prevalence of special education students.

Mr. Walko asked if Greenwich was understaffed in any category in comparison to other DRG-B schools. Dr. Sternberg said that in central office administrators, Greenwich is under both DRG-A and DRG-B. Mr. Curtin added that Greenwich is under DRG-A in computers, art, performing music, mathematics and science.

To some degree, this budget contemplates a change in the manner in which Greenwich class size is allocated. Dr. Sternberg said that overall there is no change. Dr. Flanagan explained that previously the cap for maximum class size was 23 in kindergarten; 24 in first, second and third grades; and 28 in fourth and fifth grades. The current guideline has reduced the caps as follows: 21 in kindergarten and first grade; 24 in second and third grade; and 26 in fourth and fifth grades.

The goal is a district average class size of 20 students. The projection for next year is 20.1.

The financial implication of the change in policy with regard to capping class size is that two classes were added at Cos Cob.

While there has been a slight increase in the certified staff line, there has been 10% reduction in non-certified staff (custodial and clerical). In food services there has been a reduction from 27 to 14 full time positions.

At the elementary school level, the district projected average and ideal class size is based on 4,045 students and an average class size of 20.

Hamilton Avenue: Mr. Walko asked how the projected number of 47 third grade students for the 2007-08 school year was determined. This is the anticipated number of students to enter third grade, one more than is currently in grade two. The projections are not based on opening a magnet model; it is unknown until after the fact where the students will come from. The projections are based on a historical model, going back five years.

In the eight non-magnet schools, enrollment will be based on demographics. For the three magnet schools, enrollment is based on capacity. If there is an overall enrollment decline, magnet schools can draw students from other schools. However, this in turn accelerates the decline in the other schools. There is a target number for the expected magnet numbers at Hamilton Avenue, although Dr. Sternberg could not provide it at this time.

Mr. Walko said that the magnet program process is not clear. There is confusion as to one's eligibility to apply to a magnet school and whether such eligibility is dependant on the area of Town one lives. There is also a concern as to the lack of clarity concerning the priority of staff member's children and students from other districts. Something should be done before the RISE committee evaluates the situation.

Dr. Sternberg responded that she understood Mr. Walko's concerns and that steps were being taken to clarify the process. She said that parents in any part of Greenwich are eligible to apply for any magnet school. They are eligible and then there are priority criteria that set the chances of being more or less likely to go to a particular magnet school. If the criteria are set up to exclude certain groups within the town, this needs to be acknowledged.

Items included in the FY 2007-08 Budget Proposal:

Performance incentive for GOSA and School Administration (\$110,000)

Schedule B/Schedule C increases in the GEA contract

Increased tuition reimbursement

The GOSA contract increased the number of days worked to 225 days for a few 12 month positions.

Tuition for preschool is based upon an ability to pay, whether or not a parent is a teacher or whether or not a parent is an employee of the Town of Greenwich. Total tuition is approximately \$300,000 per year.

Collective Bargaining:

For the GEA contract, no salary agreement has been reached for 2008-09.

Utilities

Total electrical utilization is projected to increase from 13.7 million KWH to a projected is 16.1million KWH in FY 2007-08 or an 18.4% increase. One source of the increase is added air conditioning North Street, New Lebanon and Parkway schools which will be online next summer. It would be helpful to have a variance analysis which shows how much of this actual

increase is due to air conditioning. The BOE has the ability within limits to control air conditioning costs.

There are 1,325.2 FTE in the BOE budget. This is a difference of 5.2 people from budget to budget. It was unclear whether 13 or 15 new positions had been hired. Ms. Giambo said that there was extensive discussion as to reducing class size, having 23 kindergarten students in each class as compared to adding a section and smaller class sizes at Hamilton Avenue.

Dr. Wallerstein said that of 13 changes, half were adjustments made in the current year. In the GOSA, 3.6 were related to things that happened after the 2006-07 budget was launched, in the January 2006 to May 2006 timeframe. Funding was reallocated from these positions and now they are being budgeted.

Some positions have evolved into 12 month positions.

The School Resource Officer is a LIUNA position. Previously the position was GHS Security only. It is now district wide, and now has kindergarten through grade twelve responsibilities. The Youth Officer(s) are deployed to GHS as their base assignment daily and interface with the School Resource Officer. The Youth Officers can be called off if another issue arises that requires their attention. They are not dedicated staff.

The Nathaniel Witherell

Mr. Ormsby began by saying that on November 1, 2006, a request was submitted for inclusion of the renewal costs in the CIP plan. The request will be processed in the form of a resolution to issue \$36.8 million in bonds to fund the renewal project. Mr. Ormsby is confident that the bonds will be repaid through a combination of an increased Medicaid reimbursement rate and increased Medicare revenues due to a higher census, and an effort to restructure costs associated with Nathaniel Witherell.

In the first six months of the current fiscal year Medicare revenues have increased by \$468,000 over the comparable six-month period one year ago.

The private pay census has gone from 20.9% in the first six months of last year to 22.3% in the first six months of this year.

The operating budget submitted for 2007-08 reflects a reduction in expenses of 5.4%, an increase in revenues of 5.8% and a reduction in head count of 10 full time positions.

Operating Costs: Mr. Kowalewski said that the budget submitted shows a 5% reduction in payroll hours.

There has been a 5.4% reduction in costs when normally they would have increased 3.5%. Part of this is the reduction in payroll hours, a reduction in wages and reductions in professional outside services that relate to the building studies. There is also a \$50,000 search fee that will not

be recurring; a transition fee to enterprise accounting will also not be recurring. The total for non-recurring expenses is approximately \$450,000.

The 10 full time employees with an average salary of \$58,000 per employee equate to \$580,000 in non-recurring expense. These positions will not be outsourced to part time employees. This will bring the number of full time employees to 158. This includes all titles. Reduction of the 10 positions will be done with no impact on patient care quality.

Total hours in the 2007 budget were 452,625 and 439,996 in the 2008 budget. Of this, there is a change in overtime from 19,915 to 24,861 hours.

Part time is reduced by approximately 3000 hours, or \$100,000

Revenue: Total projected revenues for next year is \$20,394,000. The 2007 budget was \$19,272,459, which will be a 5.28% increase. Mr. Augustine estimates an increase of 1.5% on private pay, after averaging 3%. Medicaid increased by 1.5%; this year saw a 3% increase. There is an anticipated Medicare rate increase of 2%.

Occupancy for next year's budget is projected at 96%, and is currently at 94.4%. Within the overall 96% occupancy rate, 23% will be self pay, 63% Medicaid, and 14% Medicare. The private census is currently at 22.2%; the Medicaid rate is 62.9% and the Medicare is 12.9%. In the 2007-08 budget there is a projected increase from 22.2% to 23%; Medicare is expected to go from 12.9% to 14%. This is being done in a number of ways; by getting referrals from the appropriate doctors that should be referring Medicare patients to TNW and working with the hospital and fine tuning the admissions process overall.

There has been an increase in cafeteria income primarily because the cafeteria is now being run by TNW. It used to be run by the auxiliary.

There is an increase in Medicare Part B between the ancillaries and rehabilitation of \$210,000 through seven months. TNW is running at \$139,000.

In response to a question from Mr. Simon as to what steps would be taken to increase occupancy to the projected 96%. Mr. Kowalewski said there are seven different work groups looking at revenue opportunities for TNW including dementia, rehabilitation, hospice and respite. Private pay has its own task force, and there are two other groups looking at service lines and new programs.

Mr. Simon asked when the results of these tasks would be seen, and Mr. Kowalewski responded that it can already be seen in the private pay percentage total increasing from 21% last year to 22.2% this year to the 23% forecast for next year. Mr. Simon cautioned that the actual number of days is not increasing. If overall occupancy is decreasing then there is a larger percent of a smaller number, and the actual days are decreasing. The above mentioned initiatives should be rolled out and take hold by the beginning of next fiscal year.

Medicaid is going down by \$81,000 because the number of Medicaid days is going down. The expected number of Medicaid days this year is 45,170.

Capital: Mr. Fritz explained that there are two areas of capital. The first request, which went through the CIP process, is ongoing capital needs in the amount of \$630,000 to maintain the facility. The second area is \$36.8 million for Project Renew.

Mr. Lash compared the TNW Project Renew to the Glenville School Project in that both projects were reflected in the individual budget submissions as bonding resolutions rather than in the capital project spreadsheet.

Architectural fees total \$3.6 million for Project Renew. \$2.9 million was added as a subset of the entire building committee. Mr. Toretto asked that the request for the \$3.6 million be unconditioned, apart from funds in the resolution.

Mr. Ormsby added that filing a certificate of need has been postponed until both the BET and the RTM has approved the \$36.8 million project.

Mr. Simon asked if any bond proceeds would be needed before the certificate of need was received, and Mr. Fritz said that the \$580,000 would be all that was needed before the certificate.

Mr. Toretto added that in previous certificates of need submitted by other nursing homes in the state, that the Building Committee would have some expense doing preliminary designs to be submitted with the certificate.

Mr. Walko asked when the Building Committee would be requested. Mr. Toretto said that once the BET and the RTM have approved the budget, the First Selectman will choose the Building Committee.

Ms. Tarkington noted the need for a timetable for the project and the payment of the debt, and the importance of the Town working with TNW during the course of the project.

Mr. Lash explained that the CAFR has a process for reflecting long term debt and the service of that debt. This is presented to the rating agencies when they are asked to rate the Town's bonds. Mr. Lash assured Ms. Tarkington that there was no risk the Town would end up with an unqualified set of financial statements.

Retirement

Mr. Lavin began by saying that the Retirement Board fired three of its active managers at its January 2007 meeting, and moved \$76 million into index funds. The schedule of payment to investment advisors was prepared last December, and based on the market value of the assets as of October 31, 2006. Mr. Simon had requested a report reflecting the impact of the actions taken at the January meeting. The movement of funds into the index fund is not intended as a long term strategy.

Mr. Walko asked if there was a policy in place by which all managers are reviewed and at what point action, if any, is taken. Mr. Lavin reported that this is ongoing, and manager's performances are constantly monitored by consultants at NEPC.

Mr. Walko asked how NEPC's performance is judged. Mr. Lavin said that all managers are reviewed on a regular basis. The Town has a contract with NEPC.

Mr. Simon noted that items such as \$90,000 for the software to track employee retirement benefits may not be a function of the Retirement Board, and that this and other costs should be looked at in the future for proper budget classification.

Police: Mr. Hannigan began by saying that one Captain is being upgraded to a second Deputy Chief. The need for this change with regard to operations is to put in a line of succession by having two Deputy Chiefs, one for each division. At this time, it is planned for the Lieutenants to take over supervision of sectors, with community policing being headed up by the Lieutenants.

The position of Information Technology Manager has been eliminated from the police department. There are two computer technicians currently performing these duties.

FY 07-08 represents the last year of transition to full staffing (16 positions) of the civilian dispatch plan. Three dispatchers are being hired, and at the same time three dispatchers are being upgraded to supervisors, creating a slight salary increase for these positions. Chief Walters reports that to date, the civilian dispatch program has been working very well. There are three retired police officers currently working as dispatchers, with two more coming online as of March 1, 2007. Right now the dispatchers handle police and EMS calls. It is expected that by spring of 2008 they will handle fire calls as well.

As part of the civilian dispatch program, it was negotiated that two police officer positions would be eliminated through attrition.

There is a reduction in police officers, as two officers are expected to be brought off of Greenwich Avenue, where traffic control will be handled by traffic lights at two intersections. Out of the seven officers assigned to Greenwich Avenue traffic control, five will eventually go to foot patrol.

Mr. Krumeich asked for clarification on how eliminating two positions on Greenwich Avenue will result in gaining two foot patrols. Chief Walters explained that of the five remaining, two will be lost through attrition, and the other three will be assigned to foot patrol. The salaries for the two police officers who will continue to work in the downtown area will be paid out of the parking fund.

The overtime budget shows an increase, and Chief Walters explained that in an effort to show transparency, and in anticipation of going over budget, he wanted to show where the money is being spent for the overtime expenditures.

Mr. Walko stated that he had received a personal statement from Captain Ridberg. Chief Walters said that although it is a personal statement, it is something that the entire department supports. It discusses the benefits of installing traffic lights on Greenwich Avenue. Captain Ridberg said that rather than a budgetary argument, it is more a police officer perspective on why the department feels this needs to be done. Morale issues and more effective policing were a few of the reasons Captain Ridberg pointed out. He said that it is frustrating to have five to seven officers on a day shift committed to directing traffic on a one-way street, as these officers would be much more effective as beat officers.

After the day shift is over there are still traffic and safety issues and the officers are not there. Accident statistics at the intersections are low, seven in five years, but five of the seven occurred after hours or on weekends when there are no officers there. Chief Walters said that the traffic lights would reduce this greatly if they were installed.

Mr. Lash pointed out that between the conversion to civilian dispatch and the elimination of officers on Greenwich Avenue directing traffic, fifteen positions in total are being freed up.

The bulk of a radio upgrade request represents the last phase of an ongoing overall upgrade of the radio system. The requested amount is \$680,000. This is an upgrade to digital radios for mobile and portable units. \$195,000 is for replacement of a microwave link between the police department and Greenwich Hospital. Replacement parts for this system are not available. Chief Walters said that 2011-12 is the next anticipated upgrade for radios. The expected amount for this expenditure is \$8,600,000. This could be a one-time expenditure or spread out over a few years.

Parks and Recreation

The position of Payroll Clerk is being transferred to Human Resources.

There is an adjustment in moving people from Eastern to Western Civic Center.

The hours for the Dock Master are being reduced from 25 hours to 20 hours. There are two fulltime and three permanent part time Dock Masters.

An overtime increase of \$12,350 is attributed to moving forward with an in-water storage program. This includes weekend and holiday coverage and snow removal from the Grass Island ramp. The insurance company has recommended not moving forward with this program due to high risk.

Tree Crews: A resolution was distributed from the Parks and Recreation Foundation Board asking the Budget Committee to reinstate four positions. Mr. Siciliano said that the outsource option has not yet been explored. The positions were eliminated on the table of organization, but the salaries, approximately \$200,000, are still a line item. Mr. Lash pointed out that this amount will be used to outsource tree work. The benefits have been eliminated, approximately 35% of the \$200,000.

There will remain three 4-man tree crews. Each crew consists of a foreman, a utility worker and two tree climbers. Calls are responded to in a prompt fashion. There is a concern that if calls

were contracted out that response would not be as fast. On occasion for large snow events, crews will be called out for snow.

The current budget shows sixteen people in the tree department. Mr. Siciliano explained that along with the twelve, one of the individuals was a part time person doing GIS survey work. There is a dispatcher, a tree operations manager and an additional utility worker. This brings the correct total to fifteen.

The budget going forward shows two crews, 1 tree operations manager, and a dispatcher. As a result of this proposed change there will be no layoffs. Individuals in positions that are being vacated are being moved to other positions.

Commission on Aging: A separate account is being set up for the Commission on Aging Senior Center Operations. The Commission on Aging voted unanimously to take over management of the Senior Center. The budget has been reviewed and adopted by the Commission on Aging. Planning for the new Senior Center will include representation from Parks and Recreation and the RTM. Project will be done by DPW. Funds are being requested for the first stages of a study that lead to a design for the Senior Center program and ultimately for the facility.

The Commission on Aging is changing from an advisory committee to more of an operating department.

Mr. Walko asked if there would be a change in the position of Director's status. Human Resources will look at the position and possibly re-class the position.

Parking Services

Mr. Corry has been Director of Parking Services for over a year. He explained that after conducting surveys, he confirmed that there is a parking deficit in the downtown area. One of his priorities has been to identify and manage resources to utilize better the existing parking spaces.

Mr. Krumeich asked why there was an increase in the temporary salaries line. Mr. Gieger explained that a lot of the work comes through transfers from other departments. The decrease is offset in a transfer from another department.

Mr. Walko asked about work done with parking meters and smart cards.

Mr. Corry said that the mechanical meters need to be replaced, as they are not widely used anymore. The parts are outdated and electronic meters are more accurate.

The smart card system still uses quarters as well as the smart card. One pilot location, the Liberty Way lot, has been working very well. Of the meters that accept the smart cards, 20% of the use is with smart cards, 80% quarters.

Mr. Corry's five-year plan is to implement the electronic meters completely within two years. One of his goals is to bring Greenwich to an updated system to better handle parking. The short term plan is for the Greenwich business district, and long range plans include Byram and Riverside areas.

This year, Mr. Corry is requesting \$60,000 for five multi-space pay stations, which may be able to handle up to 500 spaces, and \$295,000 for replacement of the mechanical meters. The later amount will handle approximately half of the mechanical meters, and at least one vending machine to distribute the smart cards. Another request will be made next year for the second half. The multi-space meters are planned to be installed in central Greenwich as a pilot program. The meters can be battery, electric or solar powered.

Law

Mr. Fox described the time management software being utilized by the Law Department. While it assists with department management, the people that deal with it on a daily basis are not overly enthused about the quality of the software. The software helps determine how much time is spent on minor cases, and if too much time or money is being spent on smaller items. Time spent on major items is also recorded. The concept is not receptive to individuals that are accustomed to dealing with a municipality. The concept can be foreign to those who have not been in the private practice of law. The department is adapting to it and is currently on the system.

The Law Department has budgeted \$600,000 to Professional and Other Services. Mr. Fox is comfortable with this amount as a matter of policy. He said that this number is particularly difficult to predict in advance. What matter may come in and how much time needs to be devoted to it are difficult to predict. Cases are becoming more complex and more time consuming.

Temporary salaries are for two-part time employees.

Mr. Lash pointed out that there is an effort to settle cases early, and use outside counsel only when necessary. The Town is getting better results than years past.

The meeting adjourned at 4:15 P.M.

Respectfully submitted,

Valerie Zebrowski, Recording Secretary

Stephen Walko, Chairman