1. BET Budget Comm. Decision Day Documents

   Documents:
   
   SUB_TO_APP_BET_BUDGET_COMM_DECISION_DAY_02-29-16.PDF
   APPROVED_BET_BUDGET_COMM_DECISION_DAY_02-29-16.PDF
Mr. Lash called the meeting to order at 9:10 A.M.

Mr. Lash commented that the Committee had asked two departments to return: BOE would be commenting further on the New Lebanon School construction and the issue of state reimbursement funding; DPW would expand on the question of possible remediation necessary for the Holly Hill Project.

In the interim, the Committee continued its consolidation review of Capital Projects begun during Consolidation Day on Friday, February 26, 2016. Mr. Lash commented that if there were no comments or motions to adjust the item when voting began, an item would be considered accepted.
CAPITAL PROJECTS BUDGET

Fleet Department
• **Fire Apparatus** - $1,350,000 – Ms. Tarkington suggested that possibly only one pumper be considered this fiscal year.

• **Police Motor Cycles** - $128,000 – Mr. Ramer commented that he would be in favor of eliminating the motorcycles from this fiscal year.

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- **External Entities** – **GEMS** – Ms. Tarkington noted that the salary increase of 2.2% exceeds the budget guideline imposed on Town employees. Mr. Lash commented that GEMS would be looking to relocate its headquarters in FY18.

- **Board of Education** – Ms. Tarkington commented that the BOE’s increase in headcount and the addition of .72 FTE during FY16 that were not compliant with the Budget Guidelines was disappointing.

**FIXED CHARGES**

- **OPEB** – The contribution to OPEB would increase by $190,000 as a result of the final actuarial valuation. Upon a motion by Ms. Kiernan, seconded by Ms. Tarkington, the Committee voted 4-0 to increase the contribution to OPEB by $190,000.

- **Pension ARC** - Mr. Ramer recommended that the Committee consider leaving the rate of return on the OPEB trust at 7%, using an inflation rate of 2.5%, a salary growth rate at 2.5% and accepting the new Experience Study; the Town’s contribution to the fund for FY17 would be $20,500,000. The Committee again discussed the authorization by the Law Department’s opinion and the guidance provided by NEPC. Upon a motion by Ms. Tarkington, seconded by Mr. Ramer, the Committee voted 4-0 to increase the pension ARC to $20.5 million.

- **Healthcare** – The final estimate of FY17 healthcare costs of $54,000,000 are based on an expected increase of 14.5% in July-December, and 18.0% in January – June.

  - **Nathaniel Witherell** – Mr. Lash noted the following accounting changes: 1) The budget for pension costs for employees would now include only the normal cost for employees rather than including amortization of the accrued liability, amounting to $900,000. This change would apply to employees of TNW, School Lunch Fund, Parking Fund, Griffith E. Harris Golf Fund, the Sewer Maintenance and Improvement Funds, and the Peterson Fund. Mr. Gieger explained that this would shift $377,000 of cost to the General Fund out of the special funds without deficits. 2) The budget for healthcare for employees at TNW would utilize a better projection of actual healthcare costs, while the other special funds would not change methodology. 3) Budgeting for in kind costs of the services of various town departments such as Finance, HR, Law and Purchasing would be done on a variable cost basis to show the true cost of running the facility. 4) Debt service would be calculated as if the private donations and tax credits had reduced the principal due on Project Renew bonds. Mr. Gieger pointed out that this shifted $600,000 to the General Fund. Ms. Tarkington requested, and Mr. Lash agreed, that a detailed analysis at the donations and tax credits, and debt service payments, all of which are either received and/or paid in the General Fund, would be re-addressed.

The Committee agreed to these methodology changes (except as noted by Ms. Tarkington on debt service and agreed by the Committee that she was to work out with Mr. Gieger) and suggested that the BET should also vote on these changes. Upon a motion by Mr. Ramer, seconded by Mr. Lash, the Committee voted 4-0 in favor of the accounting methodology changes for TNW and the resulting budgetary changes to the other special funds.
The FY17 budget currently included $6.5 million to fund the deficit from FY 15 and FY 16, as well as the $1.2 million contribution budgeted by the First Selectman. Ms. Kiernan pointed out that this budget did not include a plan to cover the anticipated deficit in the fund at the end of FY17. The Committee discussed methods for funding this deficit and a provisional vote was taken, pending completion of voting and determination of resources available to fund this deficit. There was a motion by Mr. Ramer, seconded by Mr. Lash to appropriate $828,000 as a contribution from the General Fund to the Nathaniel Witherell fund, and the Committee voted 3-1 in favor (Kiernan opposed).

- **Sewer Taxes for Town Owned Properties** – The estimated contribution of this revenue source will not be known until the ReVal is completed.

- **Non-Public School Costs - Transportation** – The cost of this bus transportation (and school nurses) mandated by State Statute is $2,896,158. Ms. Tarkington recommended that the BOE include the extensive non-public school bussing program, with costs that exceed the Town’s public schools bussing in the BOE Bus Study as it evaluates alternatives to current school start times.

- **Transfer to Risk Fund** – Earlier in the hearings, Mr. Fox had suggested that it would be appropriate to increase the $2.6 million Risk Fund for pending litigation by $500,000 to bring the Fund to $3.1 million. No motion was made to reduce the Risk Fund appropriation.

- **School Lunch Fund** – A fund deficit of $530,386 is anticipated for FY16. A contribution of $595,000 from the General Fund is budgeted for FY 17 according to the plan to amortize the deficit in this fund. The Committee also reviewed a budget reduction of $55,000 resulting from calculating pension costs using only the normal cost.

- **Sewer Funds** – A budget reduction of $175,000 will result from calculating normal pension costs rather than as previously, which included an additional contribution for amortization.

- **Parking Fund** – A budget reduction of $88,000 will result from calculating normal pension costs rather than as previously, which included an additional contribution for amortization. A budget reduction of $40,000 for the Traffic Engineering Division will result from calculating normal pension costs rather than as previously, which included an additional contribution for amortization.

- **Golf Course** - A budget reduction of $51,000 will result from calculating normal pension costs rather than as previously, which included an additional contribution for amortization.

- **Peterson Fund** – A budget reduction of $23,000 will result from calculating normal pension costs rather than as previously, which included an additional contribution for amortization.

**CAPITAL SCHEDULE**

- **School Speed Zone Signage** – Ms. Tarkington moved to reduce the private school portion of the appropriation by $450,000. There was no second.
• Asphalt Paving Program – A study of the road quality is expected in late March so that the needs will be better known. Mr. Lash suggested conditioning the project based on the Report. Mr. Ramer motioned to increase the appropriation from $3 million to $5 million. Motion seconded by Ms. Kiernan. Committee voted 2-2; Motion failed. (Opposed: Tarkington, Lash)

• Pemberwick Park/Road Sidewalk – Ms. Tarkington recommended that this CIP project be deferred by DPW as it was a new project. Mr. Tesei noted that this item had been a request of the Neighborhood Association. Ms. Tarkington motioned that this item be reduced by $250,000. Motion seconded by Mr. Lash. Committee voted 1-3; Motion failed. (Opposed: Lash, Kiernan, Ramer)

• Holly Hill Project – Mr. Lash commented that he was still concerned about the potential for remediation cost. Ms. Tarkington suggested there were other projects underway which should be finished first. Ms. Tarkington motioned that $875,000 be deferred for one year. Motion not seconded.

• King Street Fire Station - Mr. Lash recognized Mr. Tesei who read a letter from the Board of Governors of Fairview Country Club, located at 1241 King Street, containing an authorization to sell 4.1 acres of its property to TOG for $2 million. Additional terms of sale and closing date were yet to be determined. Mr. Ramer motioned that the $500,000 Study request be increased to $2.5 million to be prepared for an immediate land purchase. Motion seconded by Ms. Kiernan. Committee voted 3-1 to approve. (Opposed: Tarkington)

• Byram Fire Station Rehabilitation – The Committee discussed whether or not this location was necessary, despite that it was part of a multi-year rehabilitation plan and that the temporary Horseneck facility would be available for occupancy during the Byram station rehabilitation. Ms. Tarkington commented that there would already be two fire station projects under construction, Central Fire and King Street, and cautioned that the Byram Fire Station would be vulnerable to any timing delays of Central Fire as it would use the same modulars, and should be deferred a year. Mr. Tesei noted the high density and vulnerable hazards in this area of town. Mr. Lash motioned to delete the capital item. Motion seconded by Ms. Tarkington. Committee voted 2-2. Motion failed. (Opposed: Kiernan, Ramer) JAL. Lash requested an analysis of whether this Fire Station was needed.

• Eastern Greenwich Civic Center – Ms. Tarkington suggested that she was supportive of additional community involvement at the planning stage. She also wanted additional environmental testing and hydrology testing of the building footprint and the parking lot as a first phase to move the project forward with funding limited for testing.

• Fleet – Mr. Ramer motioned to delete 3 police motor cycles. Motion seconded by Ms. Tarkington. Committee voted 3-1 to approve. (Opposed: Kiernan)

• Board of Education – New Lebanon School – The Committee discussed the cost of the new school building’s design and the timing of when the Building Committee would return with its changes to the recently submitted architect and construction manager’s
budget. A concern was expressed about the timing of their return presentation and whether a special meeting of the BET and RTM might be needed.

- **BOE Master Plan** – Ms. Tarkington motioned that the $600,000 be reduced to $400,000 in FY17 and $200,000 be deferred into FY18. Motion seconded by Mr. Lash. Committee voted 2-2. Motion failed. (Opposed: Kiernan, Ramer)

- **Cardinal Stadium** – Ms. Tarkington motioned to remove $40,000 from the Budget. Motion seconded by Mr. Lash. Committee voted 2-2. Motion failed. (Opposed: Kiernan, Ramer)

- **Library** – Ms. Tarkington motioned to delete $50,000 for the digitalization of the Greenwich Time to encourage a public/private partnership be formed to accomplish the item. Motion seconded by Mr. Lash. Committee voted 2-2. Motion failed. (Opposed: Kiernan, Ramer)

- **Air Conditioning Module** – Ms. Kiernan motioned to delete $73,500 for this item. Motion seconded by Mr. Ramer. Committee voted 4-0 to approve the motion.

- **Tree Inspection Program** – Ms. Tarkington motioned to move the item to the Operating Budget. No second for the motion.

- **Holly Hill/Sewer Funds** – Mr. Ramer motioned to move Holly Hill’s Sewer Rehabilitation project in the Holly Hill Master Plan by deleting $2,711,000 from the Sewer Maintenance capital budget and adding $2,711,000 to the K fund (Sewer Improvement Fund). Motion seconded by Ms. Tarkington. Committee voted 4-0 to approve.

- **Fund Balance** – Ms. Kiernan requested a review and sensitivity analysis of the Town’s Fund Balance projected at the end of the current fiscal year. Mr. Mynarski estimated the year-end Fund Balance would be approximately $41,000,000 or approximately 9.98% of the next general fund budget. The Committee discussed the Fund Balance Policy, which requires that this percentage remain between 5% and 10%. Mr. Mynarski explained that each $1 million dollar reduction in Fund Balance would result in a .25% reduction in this percentage. In response to Ms. Kiernan’s question, Mr. Mynarski explained that even with a reduction of $3 million moving this percentage to approximately 9.23%, the Fund Balance percentage is projected to be at its highest level since the Fund Balance policy was passed.

  The Committee discussed reducing TNW deficit projected for FY 17 using Fund Balance instead of increasing the Mill Rate. Fund Balance was also being used to address the FY 15 and projected FY 16 deficits in the amount of $5.3 million. Ms. Kiernan motioned to use and additional $2.72 million of the Fund Balance on TNW deficit in FY17. Motion seconded by Mr. Ramer. Committee voted 3-1 to approve the motion. (Opposed: Tarkington)

The Committee reviewed the budget totals after the votes. The Committee discussed reducing the contribution to the Risk Fund to $500,000 rather than the original $1 million, but there was no vote.

The Committee also discussed additional revenue sources in:
$100,000  FICA
$200,000  Encumbered Funds
$200,000  Prior Year taxes
$200,000  Delinquent Interest
$100,000  Workers Compensation

Ms. Tarkington motioned to accept total General Fund budget of $430,531,953, which represented a 2.77% increase in the Mill Rate over FY 16. Motion seconded by Mr. Ramer. Committee voted 4-0 to approve the motion.

The Committee decided to discuss the RESOLUTIONS to the Budget at the Regular Budget Committee Monthly Meeting on March 15, 2016.

The meeting adjourned at 6:48 P.M.

Respectfully submitted,

_____________________________
Catherine Sidor, Recording Secretary

SUBJECT TO APPROVAL

_____________________________
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- **Public Works** – The Committee discussed whether the cost of the Highway Department in the Parking Service budget should be moved to the Public Works budget, as the excess funds in the Town’s only enterprise fund are nearly depleted.

- **External Entities** – The Youth Services Coordinator outside consulting position would temporarily be located in Town Hall during its transitional year while developing a long range plan. Ms. Tarkington suggested that it might be re-located to Social Services or the Police Department in the future (from External Entities). Ms. Kiernan noted the position brought revenue because a portion of the program expenses was partially funded with a grant from the Rotary Club. Ms. Kiernan clarified that the Youth Services Coordinator for the Town was previously housed at the United Way and benefits were paid by the United Way. Salary for this position was previously funded by the Town, the United Way, and the State.
• **External Entities** – **GEMS** – Ms. Tarkington noted that the salary increase of 2.2% exceeds the budget guideline imposed on Town employees. Mr. Lash commented that GEMS would be looking to relocate its headquarters in FY18.

• **Board of Education** – Ms. Tarkington commented that the BOE’s increase in headcount and the addition of .72 FTE during FY16 that were not compliant with the Budget Guidelines was disappointing.

**FIXED CHARGES**

• **OPEB** – The contribution to OPEB would increase by $190,000 as a result of the final actuarial valuation. Upon a motion by Ms. Kiernan, seconded by Ms. Tarkington, the Committee voted 4-0 to increase the contribution to OPEB by $190,000.

• **Pension ARC** - Mr. Ramer recommended that the Committee consider leaving the rate of return on the OPEB trust at 7%, using an inflation rate of 2.5%, a salary growth rate at 2.5% and accepting the new Experience Study; the Town’s contribution to the fund for FY17 would be $20,500,000. The Committee again discussed the authorization by the Law Department’s opinion and the guidance provided by NEPC. Upon a motion by Ms. Tarkington, seconded by Mr. Ramer, the Committee voted 4-0 to increase the pension ARC to $20.5 million.

• **Healthcare** – The final estimate of FY17 healthcare costs of $54,000,000 are based on an expected increase of 14.5% in July-December, and 18.0% in January – June.

• **Nathaniel Witherell**– Mr. Lash noted the following accounting changes: 1) The budget for pension costs for employees would now include only the normal cost for employees rather than including amortization of the accrued liability, amounting to $900,000. This change would apply to employees of TNW, School Lunch Fund, Parking Fund, Griffith E. Harris Golf Fund, the Sewer Maintenance and Improvement Funds, and the Peterson Fund. Mr. Gieger explained that this would shift $377,000 of cost to the General Fund out of the special funds without deficits. 2) The budget for healthcare for employees at TNW would utilize a better projection of actual healthcare costs, while the other special funds would not change methodology. 3) Budgeting for in kind costs of the services of various town departments such as Finance, HR, Law and Purchasing would be done on a variable cost basis to show the true cost of running the facility. 4) Debt service would be calculated as if the private donations and tax credits had reduced the principal due on Project Renew bonds. Mr. Gieger pointed out that this shifted $600,000 to the General Fund. Ms. Tarkington requested, and Mr. Lash agreed, that a detailed analysis at the donations and tax credits, and debt service payments, all of which are either received and/or paid in the General Fund, would be re-addressed.

The Committee agreed to these methodology changes (except as noted by Ms. Tarkington on debt service and agreed by the Committee that she was to work out with Mr. Gieger) and suggested that the BET should also vote on these changes. Upon a motion by Mr. Ramer, seconded by Mr. Lash, the Committee voted 4-0 in favor of the accounting methodology changes for TNW and the resulting budgetary changes to the other special funds.
The FY17 budget currently included $6.5 million to fund the deficit from FY 15 and FY 16, as well as the $1.2 million contribution budgeted by the First Selectman. Ms. Kiernan pointed out that this budget did not include a plan to cover the anticipated deficit in the fund at the end of FY17. The Committee discussed methods for funding this deficit and a provisional vote was taken, pending completion of voting and determination of resources available to fund this deficit. There was a motion by Mr. Ramer, seconded by Mr. Lash to appropriate $828,000 as a contribution from the General Fund to the Nathaniel Witherell fund, and the Committee voted 3-1 in favor (Kiernan opposed).

- **Sewer Taxes for Town Owned Properties** – The estimated contribution of this revenue source will not be known until the ReVal is completed.
- **Non-Public School Costs - Transportation** – The cost of this bus transportation (and school nurses) mandated by State Statute is $2,896,158. Ms. Tarkington recommended that the BOE include the extensive non-public school bussing program, with costs that exceed the Town's public schools bussing in the BOE Bus Study as it evaluates alternatives to current school start times.
- **Transfer to Risk Fund** – Earlier in the hearings, Mr. Fox had suggested that it would be appropriate to increase the $2.6 million Risk Fund for pending litigation by $500,000 to bring the Fund to $3.1 million. No motion was made to reduce the Risk Fund appropriation.
- **School Lunch Fund** – A fund deficit of $530,386 is anticipated for FY16. A contribution of $595,000 from the General Fund is budgeted for FY 17 according to the plan to amortize the deficit in this fund. The Committee also reviewed a budget reduction of $55,000 resulting from calculating pension costs using only the normal cost.
- **Sewer Funds** – A budget reduction of $175,000 will result from calculating normal pension costs rather than as previously, which included an additional contribution for amortization.
- **Parking Fund** – A budget reduction of $88,000 will result from calculating normal pension costs rather than as previously, which included an additional contribution for amortization. A budget reduction of $40,000 for the Traffic Engineering Division will result from calculating normal pension costs rather than as previously, which included an additional contribution for amortization.
- **Golf Course** - A budget reduction of $51,000 will result from calculating normal pension costs rather than as previously, which included an additional contribution for amortization.
- **Peterson Fund** – A budget reduction of $23,000 will result from calculating normal pension costs rather than as previously, which included an additional contribution for amortization.

**CAPITAL SCHEDULE**

- **School Speed Zone Signage** – Ms. Tarkington moved to reduce the private school portion of the appropriation by $450,000. There was no second.
• **Asphalt Paving Program**— A study of the road quality is expected in late March so that the needs will be better known. Mr. Lash suggested conditioning the project based on the Report. Mr. Ramer motioned to increase the appropriation from $3 million to $5 million. Motion seconded by Ms. Kiernan. Committee voted 2-2; Motion failed. (Opposed: Tarkington, Lash)

• **Pemberwick Park/Road Sidewalk**— Ms. Tarkington recommended that this CIP project be deferred by DPW as it was a new project. Mr. Tesei noted that this item had been a request of the Neighborhood Association. Ms. Tarkington motioned that this item be reduced by $250,000. Motion seconded by Mr. Lash. Committee voted 1-3; Motion failed. (Opposed: Lash, Kiernan, Ramer)

• **Holly Hill Project**— Mr. Lash commented that he was still concerned about the potential for remediation cost. Ms. Tarkington suggested there were other projects underway which should be finished first. Ms. Tarkington motioned that $875,000 be deferred for one year. Motion not seconded.

• **King Street Fire Station**— Mr. Lash recognized Mr. Tesei who read a letter from the Board of Governors of Fairview Country Club, located at 1241 King Street, containing an authorization to sell 4.1 acres of its property to TOG for $2 million. Additional terms of sale and closing date were yet to be determined. Mr. Ramer motioned that the $500,000 Study request be increased to $2.5 million to be prepared for an immediate land purchase. Motion seconded by Ms. Kiernan. Committee voted 3-1 to approve. (Opposed: Tarkington)

• **Byram Fire Station Rehabilitation**— The Committee discussed whether or not this location was necessary, despite that it was part of a multi-year rehabilitation plan and that the temporary Horsheneck facility would be available for occupancy during the Byram station rehabilitation. Ms. Tarkington commented that there would already be two fire station projects under construction, Central Fire and King Street, and cautioned that the Byram Fire Station would be vulnerable to any timing delays of Central Fire as it would use the same modulars, and should be deferred a year. Mr. Tesei noted the high density and vulnerable hazards in this area of town. Mr. Lash motioned to delete the capital item. Motion seconded by Ms. Tarkington. Committee voted 2-2. Motion failed. (Opposed: Kiernan, Ramer). Lash requested an analysis of whether this Fire Station was needed.

• **Eastern Greenwich Civic Center**— Ms. Tarkington suggested that she was supportive of additional community involvement at the planning stage. She also wanted additional environmental testing and hydrology testing of the building footprint and the parking lot as a first phase to move the project forward with funding limited for testing.

• **Fleet**— Mr. Ramer motioned to delete 3 police motor cycles. Motion seconded by Ms. Tarkington. Committee voted 3-1 to approve. (Opposed: Kiernan)

• **Board of Education – New Lebanon School**— The Committee discussed the cost of the new school building’s design and the timing of when the Building Committee would return with its changes to the recently submitted architect and construction manager’s
budget. A concern was expressed about the timing of their return presentation and whether a special meeting of the BET and RTM might be needed.

- **BOE Master Plan** – Ms. Tarkington motioned that the $600,000 be reduced to $400,000 in FY17 and $200,000 be deferred into FY18. Motion seconded by Mr. Lash. Committee voted 2-2. Motion failed. (Opposed: Kiernan, Ramer)

- **Cardinal Stadium** – Ms. Tarkington motioned to remove $40,000 from the Budget. Motion seconded by Mr. Lash. Committee voted 2-2. Motion failed. (Opposed: Kiernan, Ramer)

- **Library** – Ms. Tarkington motioned to delete $50,000 for the digitalization of the Greenwich Time to encourage a public/private partnership be formed to accomplish the item. Motion seconded by Mr. Lash. Committee voted 2-2. Motion failed. (Opposed: Kiernan, Ramer)

- **Air Conditioning Module** – Ms. Kiernan motioned to delete $73,500 for this item. Motion seconded by Mr. Ramer. Committee voted 4-0 to approve the motion.

- **Tree Inspection Program** – Ms. Tarkington motioned to move the item to the Operating Budget. No second for the motion.

- **Holly Hill/Sewer Funds** – Mr. Ramer motioned to move Holly Hill’s Sewer Rehabilitation project in the Holly Hill Master Plan by deleting $2,711,000 from the Sewer Maintenance capital budget and adding $2,711,000 to the K fund (Sewer Improvement Fund). Motion seconded by Ms. Tarkington. Committee voted 4-0 to approve.

- **Fund Balance** – Ms. Kiernan requested a review and sensitivity analysis of the Town’s Fund Balance projected at the end of the current fiscal year. Mr. Mynarski estimated the year-end Fund Balance would be approximately $41,000,000 or approximately 9.98% of the next general fund budget. The Committee discussed the Fund Balance Policy, which requires that this percentage remain between 5% and 10%. Mr. Mynarski explained that each $1 million dollar reduction in Fund Balance would result in a .25% reduction in this percentage. In response to Ms. Kiernan’s question, Mr. Mynarski explained that even with a reduction of $3 million moving this percentage to approximately 9.23%, the Fund Balance percentage is projected to be at its highest level since the Fund Balance policy was passed.

The Committee discussed reducing TNW deficit projected for FY 17 using Fund Balance instead of increasing the Mill Rate. Fund Balance was also being used to address the FY 15 and projected FY 16 deficits in the amount of $5.3 million. Ms. Kiernan motioned to use and additional $2.72 million of the Fund Balance on TNW deficit in FY17. Motion seconded by Mr. Ramer. Committee voted 3-1 to approve the motion. (Opposed: Tarkington)

The Committee reviewed the budget totals after the votes. The Committee discussed reducing the contribution to the Risk Fund to $500,000 rather than the original $1 million, but there was no vote.

The Committee also discussed additional revenue sources in:
Ms. Tarkington motioned to accept total General Fund budget of $430,531,953, which represented a 2.77% increase in the Mill Rate over FY 16. Motion seconded by Mr. Ramer. Committee voted 4-0 to approve the motion.

The Committee decided to discuss the RESOLUTIONS to the Budget at the Regular Budget Committee Monthly Meeting on March 15, 2016.

The meeting adjourned at 6:48 P.M.

Respectfully submitted,

Catherine Sidor, Recording Secretary

James A. Lash, Chairman