

1. BET Budget Comm. Meeting Documents

Documents:

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**TOWN OF GREENWICH
BOARD OF ESTIMATE AND TAXATION
BUDGET COMMITTEE MEETING
CONE ROOM
TUESDAY, April 10, 2007
6:30 PM**

AGENDA

Requests for Budget Adjustments

| <u>Number</u> | <u>Department</u> | <u>Amount</u> | <u>Purpose</u> |
|----------------------|---|----------------------|--|
| ED-10 | Board of Education Z6801792-27054 | <u>\$ 7,500</u> | Approval to Use Playground Equipment Replacement |
| FI-1 | Finance A911-57500 | <u>\$ 75,000</u> | Transfer Payment in lieu of Taxes |
| PR-1 | Parks & Recreation A833-58500 | <u>\$ 700</u> | Transfer Advances for Petty Cash |
| SE-16 | First Selectman P935-57350 | <u>\$ _____</u> | Settlement Northern Insurance Co a/s/o Ellen Currie |

Approval of Budget Committee Meeting Minutes for:

Board of Education presentation 02/05/07
Budget Committee Public Hearing 02/05/07
Fixed Charges and Revenue 02/07/07
Capital Budget 02/08/07
Regular Meeting of the Budget Committee 02/13/07
Departmental Hearings - Day One 02/15/07
Departmental Hearings – Day Two 02/16/07
Consolidation Day 02/26/07
Decision Day 02/28/07

Recommendation for Enterprise Fund for Nathaniel Witherell

Discussion of financing in Fiscal Year 2008 budget

Budgetcommmtg 04/10/07

TOWN OF GREENWICH
BOARD OF ESTIMATE AND TAXATION BUDGET COMMITTEE
MINUTES

Cone Meeting Room
Wednesday, April 10, 2007

Present:

Committee:

Stephen Walko, Chairman; Edward Krumeich (arrived 6:45 P.M.),
Michael Mason, Larry Simon

Ex Officio Board Member:

James Lash, First Selectman

Board:

Nancy Barton, William R. Finger, James Himes, Arthur Norton, Alma
Rutgers, Robert Stone, Leslie Tarkington, Peter Tesei

Staff:

Roland Gieger, Budget Director; Ed Gomeau, Town Administrator

Also Present:

Colleen Giambo, Leslie Moriarty, Greenwich Board of Education;
William Kowalewski, Raymond Augustine, The Nathaniel Witherell

The meeting was called to order at 6:33 P.M.

Requests for Budget Adjustments

ED-10 BOE- Approval to Use- \$7,500

Request for approval to use:

| | | | |
|---------|------|----------------|----------------------------------|
| \$7,500 | to | Z6801792-27054 | Playground Equipment Replacement |
| \$7,500 | from | | Gift |

The Chickahominy Reunion Association has generously offered to donate up to \$7,500 to cover the cost of installing a special rubberized playing surface on the blacktop base of the planned basketball court at Hamilton Avenue School. This project will not be undertaken until the school construction project has been completed. The Board of Education, District administration, and Parks and Recreation will share responsibility for approving the final design, the selection of the contractor and supervising the installation.

Ms. Giambo explained that the same contractor who will install the basketball court will install the rubberized surface.

Mr. Walko asked about the status of a fence around the basketball court. Ms. Giambo did not have the information.

Ms. Giambo said this is a non-standard feature. Mr. Simon asked what the expected life of the surface was and what the cost of maintaining it would be. Ms. Giambo did not know the specific answers, but did say it would not be significantly different than what the school would pay to maintain.

The Committee voted 4-0 to approve the request and forward it to the Board of Estimate and Taxation as a routine application.

FI-1 FINANCE-Transfer- \$75,000

Request for transfer:

| | | | |
|----------|------|------------|--------------------------|
| \$75,000 | to | A911-57500 | Payment in lieu of taxes |
| \$75,000 | from | A901-57100 | Healthcare |

This request is to cover higher sewer taxes due to the revaluation which increased Town properties at a higher rate compared to the average increase in the sewer area.

Mr. Gieger said that there is \$350,000 in next year's budget to cover this expense, compared to \$282,000 this year.

The Committee voted 4-0 to approve the request and forward it to the Board of Estimate and Taxation as a routine application.

PR-1 PARKS AND RECREATION- Transfer- \$700

Request for transfer:

| | | | |
|-------|------|------------|-------------------------|
| \$700 | to | A833-58500 | Advances for Petty Cash |
| \$700 | from | A833-53010 | Office Supplies |

This request is for additional monies needed in the petty cash drawer used for Marine Operations at Town Hall, Ferry Dock and Eastern Greenwich Civic Center. The request results from having to provide change for daily beach passes. The newly approved fee of \$6.00 will require having a large supply of small bills on hand, especially over weekends and holiday periods. The previous \$10 fee and \$60 ten pack fee enabled us to make change more easily.

The Committee voted 4-0 to approve the request and forward it to the Board of Estimate and Taxation as a routine application.

EXECUTIVE SESSION:

The committee voted unanimously to enter into executive session at 6:39 to discuss a settlement of legal claims.

In attendance were:

Roland Gieger: Budget Director

Ed Gomeau: Town Administrator

Mssrs. Finger, Himes, Krumeich, Mason, Norton, Simon, Stone, Tesei, and Walko: current BET

Mmes: Barton, Rutgers, and Tarkington: current BET

Jim Lash, Ex Officio BET

The committee voted unanimously to conclude the executive session and resume the regular meeting at 6:47 PM.

SE-16 FIRST SELECTMAN-Additional Appropriation

Request for transfer:

| | | | |
|-------------|------|------------|-------------------|
| \$ 8,667.99 | to | P935-57350 | Settlement |
| \$ 8,667.99 | from | | Risk Fund Balance |

This request is for a property damage settlement in the matter of Great Northern Insurance Company a/s/o Ellen Currie v. Town of Greenwich. The settlement was approved by the Board of Selectman, the Claims Committee of the RTM and the Law Committee of the BET. This lawsuit involves the collision between a Town vehicle and the plaintiff's insured.

The Committee voted 4-0 to approve the request and forward it to the Board of Estimate and Taxation as a routine application.

Upon a motion by Mr. Mason seconded by Mr. Simon, the Committee voted to take items out of order on the published agenda.

Recommendations for Enterprise Fund for Nathaniel Witherell

Mr. Gomeau began by saying that the BET had passed a resolution to establish an Enterprise Fund with TNW in September 2004. There was no recommendation at that point to go to the RTM. He said that it did not go on the ballot in November. Mr. Kowalewski provided the minutes from the BET meeting.

Mr. Mason pointed out that an enterprise fund is an accounting method for a government body that is running a private organization. The golf course is a revolving fund. Mr. Gomeau said that an enterprise fund needs to be run in a similar manner to a business, with financial statements that reflect how operations are run. He said that it would be similar to the Bruce Museum, where if a subsidy is needed to make up the difference between what fees are going to be versus what expenses were, the Town would appropriate that amount of money.

Mr. Krumeich pointed out that the Town owns the Bruce Museum and the collection. There is a management agreement with an outside group to manage it. Mr. Krumeich had no recollection of setting up an enterprise fund. He recalled that enterprise fund accounting should be done.

Mr. Walko said that there were inconsistencies in the minutes. He said that the title in the minutes stated "Approval of Resolution Establishing Enterprise Fund Accounting at Nathaniel Witherell", and the first line of the resolution states "Resolved, the Board of Estimate and Taxation hereby establishes the Nathaniel Witherell Enterprise Fund."

Mr. Gomeau said there will be a separate balance sheet for the enterprise fund. He said that sewer systems, water systems and nursing homes throughout the country are operated in this fashion.

Ms. Tarkington said that she was a member of TNW Board of Directors in 2004, and had no recollection of that Board at that time approving an enterprise fund. There had been discussion about enterprise accounting. She said the first real discussion about an enterprise fund came in January 2006.

Mr. Gomeau explained that a revolving fund is established for a specific purpose or activity and replenish it. An enterprise fund is run like a business that generates revenues and offsets the expenses that go with it.

Mr. Kowalewski said that TNW is anxious to move to enterprise accounting, and said that the ability to manage TNW effectively will be simplified. The ability to communicate to Medicaid will also be more effective.

Discussion has begun with an accounting system software vendor, and Mr. Augustine has had meetings with Mr. Mynarski and the Finance Department to create a timeline to do this.

With regard to an enterprise fund, Mr. Kowalewski offered to return in May with some recommendations. He was concerned with a timeline. If TNW does go to an enterprise fund, it is preferred to do it for the November 2007 election. This means that it needs to get done in the May Budget Committee and BET cycle, for a June submission deadline for the RTM.

Mr. Walko said that this would be appropriate, and asked that any BET members with questions should direct them to the Finance Department, who will forward them to TNW or Mr. Gomeau.

Discussion of financing in Fiscal Year 2008 Budget

Mr. Gieger began by saying that the Financing plan starts with the 15 year capital plan. The capital plan shows \$464 million in new projects. For FY08, the existing capital costs (sewer loans and TNW loans of \$1,527,000, PAYG from prior years at \$17,878,000 and appropriation requests of \$64,889,000 for a total of \$84,294,000.

Various gifts and grants and TNW revenues total \$6,307,000, which brings the total number that needs to be financed to \$77,987,000. Mr. Gieger said that this will come in two forms;

- 1) Borrowing approximately \$48 million: \$22,700,000 for the Glenville School project and \$24,124,000 in other projects that will be bonded as they come up.
- 2) Tax revenues of \$31 million.

At the end of the 15 year time period, \$104 million in cash will exist assuming no new projects and no project inflation.

Mr. Tesei asked who made the determination of which projects are considered capital projects. He was concerned that the public perception was that the definition was changed and that the rules were different for projects such as the police facility and schools compared to other projects, and that maintenance items were added.

Mr. Lash explained that this was not the intention. This was a way to raise cash necessary to pay expenses, and when cash is raised to pay expenses it must be tied to a project.

Mr. Mason added that any current project that is in PAYG cannot utilize proceeds from borrowings.

Mr. Mason said that the system has moved from the PAYG apportioning of taxes to appropriations tied to borrowings for a term not to exceed five years.

Mr. Lash pointed out that the town owns a great deal of infrastructure that was not adequately maintained. Mr. Walko noted that the majority of the money maintains the current infrastructure and that modest improvements are being made such as Safe Routes. The bulk of the money is still going toward maintenance of the infrastructure. The reason for the CIP process is to look at the outlying years and plan for the large projects that have to be done in order to catch up; after the large projects are done, infrastructure maintenance needs to be addressed.

Mr. Himes asked if there was an assumption that cash would come off of the balance sheet to address the \$24,124,000 projects. Mr. Simon pointed out that this is bonding authorization. Mr. Gieger said that notes may not be issued until the end of the year, so there may only be a few months worth of borrowings, because money from the general fund is used. In this model, notes are assumed to be issued mid-year to calculate interest.

To the extent that surplus general fund money can be used, issuance of the notes can be delayed, but eventually the bonds will have to be issued because this is the method of finance.

Mr. Gieger said that 2008-09 begins with \$52 million in the 15 year capital plan. Adding the existing sewer loans and projects in the amount of \$1,858,000, the Town is left with \$69 million left to be financed.

After financing and loan repayments, \$34 million would be raised in taxes.

Mr. Simon explained that the second document that Mr. Gieger provided showed no borrowing after this year. It starts with the same \$464 million capital plan. The same existing sewer loans, TNW loans, PAYG items, revenues, grants and gifts exist. There will be borrowing in 2007-08, and then just re-paying loans. After 2009-10 through 2012-13, fewer projects are done.

Borrowing stops, debts are paid and at a minimum \$15 million in projects can be done. Debt will be eliminated until 2014-15, when \$48 million in projects can be done.

At the end of the time period, instead of \$104 million there will be \$137 million in cash. The difference is the interest cost.

APPROVAL OF MINUTES

1. Upon a motion by Mr. Walko, seconded by Mr. Simon, the Board voted 4-0-0 to approve as amended the minutes from the February 5, 2007 Board of Education Budget Presentation.
2. Upon a motion by Mr. Walko, seconded by Mr. Simon, the Board voted 4-0-0 to approve as amended the minutes from the February 5, 2007 Budget Committee Public Hearing.
3. Upon a motion by Mr. Walko, seconded by Mr. Simon, the Board voted 4-0-0 to approve as amended the minutes from the February 7, 2007 Budget Committee Fixed Charges and Revenue Meeting.
4. Upon a motion by Mr. Walko, seconded by Mr. Simon, the Board voted 4-0-0 to approve as amended the minutes from the February 8, 2007 Budget Committee Capital Budget Meeting.
5. Upon a motion by Mr. Walko, seconded by Mr. Simon, the Board voted 4-0-0 to approve the minutes from the February 13, 2007 Regular Budget Committee Meeting.
6. Upon a motion by Mr. Walko, seconded by Mr. Simon, the Board voted 4-0-0 to approve the minutes from the March 13, 2007 Regular Budget Committee Meeting.
7. Upon a motion by Mr. Walko, seconded by Mr. Simon, the Board voted 4-0-0 to approve as amended the minutes from the February 28, 2007 Budget Committee Decision Day Meeting.

The approval of the minutes from the Selectman's Budget Presentation, Departmental Hearings and Consolidation Day was tabled to the May 8, 2007 Budget Committee Meeting.

There being no further business before the committee, upon a motion by Mr. Simon, seconded by Mr. Krumeich, the Committee voted 4-0 to adjourn the meeting at 8:18 P.M.

Respectfully submitted,

Valerie Zebrowski, Recording Secretary

Stephen G. Walko, Chairman



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CONE ROOM
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REVISED AGENDA

| <u>Requests for Budget Adjustments</u> | | | | <u>Votes</u> |
|---|---|----------------------|--|---------------------|
| <u>ROUTINE APPLICATIONS</u> | | | | |
| <u>Number</u> | <u>Department</u> | <u>Amount</u> | <u>Purpose</u> | |
| ED-10 | Board of Education Z6801792-27054 | <u>\$ 7,500</u> | Approval to Use Playground Equipment Replacement | 4-0-0 |
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| PR-1 | Parks & Recreation A833-58500 | <u>\$ 700</u> | Transfer Advances for Petty Cash | 4-0-0 |
| SE-16 | First Selectman P935-57350 | <u>\$ 8,667.99</u> | Settlement Northern Insurance Co a/s/o Ellen Currie | 4-0-0 |

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| | | |
|--|---|-------|
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| | | 4-0-0 |
| | | 4-0-0 |

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