

1. BET Special Meeting Documents

Documents:

[BET_SPECIAL_MTG_AGENDA_04-24-13.PDF](#)
[SUB_TO_APP_BET_SPECIAL_MTG_MINUTES_04-24-13.PDF](#)
[APPROVED_BET_SPECIAL_MTG_MINUTES_04-24-13.PDF](#)



**TOWN OF GREENWICH
BOARD OF ESTIMATE AND TAXATION**

SPECIAL MEETING

Wednesday, April 24, 2013

**Town Hall Meeting Room
6:00 P.M. to 8:00 P.M.**

AGENDA

Requests for Budget Adjustments

Number Department

Amount

Purpose

ED-6 **BOE**
B680 1689 59560

\$ 8,605,000

Additional Appropriation
Capital Project - MISA

Adjournment

Michael S. Mason
Chairman, BET



MINUTES of the special meeting of the Board of Estimate and Taxation held on Wednesday, April 24, 2013 in the Town Hall Meeting Room, Greenwich, CT.

Chairman Michael Mason called the meeting to order at 6:06 P.M., after which the members pledged allegiance to the flag.

Board members in attendance:

Michael S. Mason, Chairman
Arthur D. Norton, Vice Chairman
Mary Lee A. Kiernan, Clerk
Gregory Bedrosian
Robert Brady
William R. Finger
Sean Goldrick
Randall Huffman
Marc V. Johnson
Joseph L. Pellegrino
Jeffrey S. Ramer
Leslie L. Tarkington

Selectmen: Peter Tesei, First Selectman; Drew Marzullo, Selectman; David Theis, Selectman

Staff: Peter Mynarski, Comptroller; Benjamin Branyan, Managing Director of Operations, Board of Education; William McKersie, Superintendent of Schools

Other: Leslie Moriarty, Chairman, Board of Education (BOE); Joe Ross, Chairman, MISA Building Committee; Adriana Ospina, BOE; Peter Von Braun, BOE; Jennifer Dayton, BOE; Barbara O'Neill, BOE; Nancy Kail, BOE; Steve Anderson, BOE

NON-ROUTINE APPLICATION

ED-6 BOE – Approval to Use \$8,605,000

Approval to Use:
\$8,605,000 to B680 1689 59560 12149 MISA Construction
\$8,605,000 from Borrowings

Mr. Pellegrino made a motion to approve the additional appropriation for MISA construction, seconded by Mr. Ramer. Mr. Pellegrino then give a report on the actions of the BET Budget Committee on April 18, 2013 with regard to this application. Mr. Pellegrino summarized the BET Budget Committee discussion by stating that the following items were discussed at that

meeting: MISA bid package review, alternatives, reconciliation of the appropriations and spending, analysis of the contingency account, alternative funding and phasing options, state reimbursements, costs to date and soil remediation. Mr. Pellegrino reported that the Budget Committee vote on this application was split 2 to 2, with Mr. Ramer and Mr. Finger voting in favor of the additional appropriation and Ms. Tarkington and Mr. Pellegrino voting against.

Upon a motion by Mr. Ramer, seconded by Mr. Finger, the Board voted 6-6-0 to call the vote on the application without discussion (Mr. Mason, Mr. Pellegrino, Mr. Norton, Ms. Tarkington, Mr. Johnson and Mr. Bedrosian opposed). The motion failed.

Mr. Mason invited comments from the members of the BET on the application.

Mr. Ramer commented that the Town of Greenwich has focused too much on mill rates and not enough on funding the needs of the community. He cited statistics listed in the most recent distribution of the December 2012 Municipal Fiscal Indicators Report, issued by the State of Connecticut, Office of Policy and Management. Mr. Ramer also commented on Greenwich's high household income levels, high per capita income, the largest Grand List in the State, and comparable debt levels, which all indicate that we tax at a very low level. Mr. Ramer also cited macroeconomic indicators, land values, unemployment levels and historic mill rate increases, and for all these reasons explained that we should look closely at whether we are funding the needs of our community. Mr. Ramer cited the quality of public assets in Westport, and the recent ranking of area public school systems. He summarized the drawbacks of the current Greenwich High School auditorium, the prior BET and RTM votes on MISA, the money already spent on MISA, and the pledges made for MISA by community supporters. He argued that it is better to move forward with this project versus wasting at least \$6.2 million dollars already spent on the project. For this reason and in order to enable the RTM to vote on this appropriation, Mr. Ramer explained that he is in favor of this appropriation.

Mr. Johnson summarized the BOE's portion of both the Town's operating and capital budget, and also summarized the history of MISA budgets and requests over time. Mr. Johnson voiced concern that the BOE has not presented a long-term strategic or capital plan, and cited the digital learning initiative as an example. He stated that the BOE should function under constraints that other departments work under. He expressed concern that the BOE had not suggested any cuts after the recent set of bids, and he hoped that the BOE would still consider some alternative reductions in the MISA project or in future capital spending as a way to get the current appropriation approved.

Mr. Goldrick addressed the impact of the MISA project on the Town's debt load, and compared the Town's extremely low debt burden with that of other AAA rated Connecticut municipalities. Mr. Goldrick added that the Town has the ability to incur between \$500 million and \$1 billion in debt and still remain within the medians for AAA rated municipalities for both the state of Connecticut and the nation as a whole. This illustrates why the current capital model and debt ceiling are restrictive and prevent desirable projects from being financed. Mr. Goldrick also reviewed net debt per capita and concluded that our per capita debt is also much smaller than other AAA rated Connecticut municipalities. Mr. Goldrick also stated that our fund balance is sufficient and at the high end of the range required by rating agencies. Mr. Goldrick also reviewed remediation costs and recommended that some of fund balance be used for this purpose. Mr. Goldrick further explained that other nearby communities are investing far more in school building projects than Greenwich in an effort to attract homebuyers and supporting

property values. He wants the next generation of Greenwich youth to enjoy a better auditorium and music instruction space, and he encouraged support for the MISA appropriation.

Ms. Kiernan stated that the question BET members should ask themselves is how do we balance the needs in our community with prudent fiscal management? Ms. Kiernan reviewed the need for MISA, which has been well established for years and supported by the BOE, BET and RTM previously with overwhelming votes. Ms. Kiernan reviewed the financial questions that BET members should ask in this case, including the Town's ability to finance the project, the rationale behind the project's financial terms and the context in which they arose, whether MISA enhances the value proposition that municipal government provides to Greenwich taxpayers, and quantifying the downside risks of not moving forward as proposed, including the loss of millions in state reimbursements, the loss of current bids and the loss of over \$6 million in taxpayer's money already spent on the project. Ms. Kiernan urged the finance board to make a financial decision in favor of this appropriation, and then move the question to the RTM.

Mr. Brady reviewed how BOE capital projects are developed, including the BOE's development of educational specifications, the CIP process for prioritizing projects, the role of a building committee, the role of the BET, and the ultimate role of the RTM to decide whether to proceed with a project. Mr. Brady explained that the Town pursues capital projects in a serial manner, without comparing them side-by-side or as part of a larger strategic plan. He suggested that the BET look at how we can improve the Town's planning process holistically. Mr. Brady also reviewed what MISA would cost the average taxpayer, whether financed in one year or over five years. He stated that the BET has figured out how to finance this project at \$42 million and it is up to the RTM to decide whether we do the project.

Mr. Huffman expressed his support for the MISA project and shared comments about the impact of the arts on intelligence and education. Mr. Huffman also described his son's substantial experiences with opera organizations around the country and in London, which grew out of his music experiences in Greenwich and New York City. In addition to enhancing education, the arts also create substantial employment opportunities. He also noted that various Greenwich arts organizations will not use the GHS auditorium because of the poor acoustics.

Mr. Tesei described the MISA process, and he noted that uncertainty is a theme he has heard as part of the public debates. Mr. Tesei expressed the hope that the BOE could provide some guidance about long-term BOE planning, which would help members of the BET feel a greater degree of comfort in moving MISA to the RTM. Mr. Tesei asked that the BOE undertake a public discussion of capital allocations by the BOE over the next 24 to 48 hours in order to provide further information requested by certain BET members.

Mr. Marzullo stated that MISA has the support of all branches of our government. He said the decision tonight is whether additional monies will be allocated to funds already approved. All the other BOE priorities are certainly important and related, but should not be used to hold MISA in limbo. He stated that the BOE has committed to a responsible partnership with all regarding important financial issues. Mr. Marzullo stated that if the vote is 6-6, Mr. Mason should consider breaking the tie in order to send the issue to the RTM. But if the vote is 7-6, Mr. Marzullo explained, no one wins.

Ms. Tarkington described her background in music and her support for a new high school auditorium. She noted that her main reason for voting against MISA was the 26% increase in project costs or a 16% per annum increase in costs. She suggested a better process for deciding on projects. She noted that the remediation project is a large project we must address.

She stated that she cannot support an increased appropriation, but suggested repurposing the current \$33.8 million appropriation and appropriating an additional \$1 million to phase the project. Ms. Tarkington offered that the Town should begin with the completion of the auditorium and adjust the scope of the project by eliminating the orchestra pit, one balcony and re-use of the existing auditorium for instructional space. She suggested that construction could begin in July. Lengthening the project reduces the perceived risk around contaminated soils and water table issues. She described the positive profile of the new auditorium as modified. She suggested that the project be returned to the BOE for assessment and direction.

Mr. Pellegrino stated that he wanted to see a new auditorium and instruction space within the context of compromise and sound budgetary planning. Mr. Pellegrino spoke about the importance of financial reserves, modest debt levels and moderate mill rate increases that have served the Town well. Mr. Pellegrino asked the BOE to publicly address the following issues: how the BOE will address the \$5 million cost increase; if there are cost overruns, is the BOE willing to be part of the solution; and what is the BOE's view on the commitment to this project relative to future appropriations for digital learning, racial imbalance and space utilization. Mr. Pellegrino would favor a public BOE discussion about their spending priorities in order to give comfort to the BET and the RTM as they vote on this MISA appropriation.

Mr. Norton expressed concern about the scope of the MISA project, the position of the stage below the water table and associated costs, and the lack of clarity about total costs. Mr. Norton would also favor a compromise discussion with the BOE on their finances. Mr. Norton also explained the two reasons why he has been a supporter of MISA since inception, including his longstanding personal experience with music and because his children attended GHS. He would like to see his grandchildren, who will attend GHS, have the quality experience that his children enjoyed. However, until total costs are known, Mr. Norton stated that he is unable to support the requested appropriation.

Mr. Mason said MISA is about choices, and he reviewed past votes on MISA and prior discussions about BOE capital funding. Mr. Mason centered his comments on a 1959 Town of Greenwich Annual Report, focusing on the similarities between current issues and issues in 1959, particularly with regard to education. Mr. Mason explained that he felt MISA has become too political and that it was appropriate to conduct diligence on this project. In addition, Mr. Mason shared comments regarding various approaches to financing MISA and stated that using longer-term financing for this project is not appropriate. Mr. Mason focused on the impact of turnover in the superintendent's position and its impact on projects and BOE finances. Mr. Mason focused on the importance of certainty in budgeting, and stated that he would like to see a better strategy from the Town and the Board of Education with regard to their major priorities and capital projects. Mr. Mason stated that he could not support MISA, but stated that he was willing to suspend the meeting in order for the BOE to reconsider its request.

Mr. Finger reviewed the capable work done by the MISA Building Committee, and he reviewed the difficulties and costs associated with potential phasing of the MISA project. Mr. Finger also stated that eliminating key elements of the project would repeat the omissions made when the auditorium was originally built. Mr. Finger stated that the BOE is a good and responsible partner and that there is nothing gained by their further discussion on a variety of BOE issues. He implored fellow members not to hold MISA hostage to other issues related to the BOE. Mr. Finger pointed out that the BOE has a long-term strategic plan and that there has been no definite number associated yet with digital learning in FY 15 and beyond. He noted that after years of letting schools run down, a plan was developed and spending focused on mechanicals and roofs, which are finished. He explained that due to delays, MISA costs have gone up, which

the Town can pay for. He implored members to focus their votes on whether or not members support MISA and not hold the BOE hostage with this vote.

Mr. Mason addressed Ms. Moriarty and asked whether the BOE could prioritize future spending.

Ms. Moriarty first addressed the issue of planning by the BOE and described the substantial planning that the BOE undertakes each year to create operating and capital budgets within BET guidelines. Ms. Moriarty gave digital learning as an example, where planning for the early years is clear, but planning for out years is still under discussion because of key questions about devices and about the impact of technology on the delivery of education. She noted that while the BOE planned to absorb the cost of this new initiative in the BOE operating budget, the BET put this initiative in capital for FY 14. Regarding the capital budget, the BOE budget was approved before BET guidelines were voted on, but in advance of the CIP process. She listed the various projects currently in the long-term BOE capital plan and described how projects are prioritized each year, which iterates to about \$10 million each year. She described the cooperative approach by the BOE in working with the Town to develop budgets. Given this context, she stated that agreeing today to a level of capital spending for each of the next five years is not a reasonable expectation for the BOE. She emphasized how the BOE and the BET have worked well together on large projects in the past.

Mr. Pellegrino asked whether the BOE could respond to the following three requests: discuss whether the BOE would reposition future capital projects to cover the current MISA cost overrun as an indication of the importance of this project; discuss whether future MISA cost overruns would be shared by the BOE and the Town; and discuss an acknowledgement that the commitment to MISA may impact future funding requests by the BOE for other initiatives.

Mr. Mason temporarily suspended the meeting at 7:46 p.m. for the purpose of holding a caucus. The meeting resumed at 9:08 pm.

Mr. Mason asked for any further discussion and called for the vote.

Upon a motion by Mr. Pellegrino, seconded by Mr. Ramer, the Board voted 7-6-0 to approve the application (Mr. Mason, Mr. Pellegrino, Mr. Norton, Ms. Tarkington, Mr. Johnson and Mr. Bedrosian opposed) (Mr. Mason cast tie-breaking vote to approve).

Mr. Mason asked for a review of the subject to releases on MISA appropriations. Mr. Mynarski reviewed the subject to releases placed on the MISA appropriations since FY 12, which apply to a balance of about approximately \$22 million in appropriations. Ms. Moriarty clarified that the subject to releases were: 1) the receipt of bids and 2) a report on private fundraising for MISA, which was delivered this week. Mr. Mason made the same three requests of the BOE as Mr. Pellegrino and acknowledged that they cannot be provided this evening. Mr. Mason stated that the subject to releases would be reviewed again before November. Mr. Mason asked the BOE that the BET be at the table for financial discussions. Mr. Mason stated he is breaking the tie vote in order to bring the RTM into the discussion.

Mr. Ramer gave a report regarding the Law Committee's review of the bonding resolution associated with the application and Ms. Tarkington's proposal to increase the construction contingency. Mr. Pellegrino asked for the total amount of the MISA project and Ms. Tarkington stated that by increasing the contingency, the total project cost would be \$43,681,000 with an 11.1% contingency. Ms. Tarkington shared comments regarding the excavation contingency for

the auditorium, which would first access the 5% contract and 5% project contingencies against excavation prior to use of the additional \$500,000 contingency, and how any unused availability of the \$500,000 contingency for excavation of the auditorium would lapse. A discussion ensued about the timing and use of contingency funds. Further discussion ensued regarding parliamentary procedure.

Upon a motion by Mr. Pellegrino, seconded by Ms. Tarkington, the Board voted 12-0-0 to amend the application in respect of \$500,000 of the contingency with a condition that after the excavation of the MISA auditorium site, the authorization for any amount of said funds left unused shall lapse, and the bond authorization shall be reduced by the Board accordingly.

Upon a motion by Mr. Pellegrino, seconded by Ms. Tarkington, the Board voted 7-6-0 to increase the amount of the application by \$1,261,000 to \$9,866,000 for the purpose of increasing the construction contingency (Mr. Mason, Mr. Pellegrino, Mr. Norton, Ms. Tarkington, Mr. Johnson and Mr. Bedrosian opposed) (Mr. Mason cast tie-breaking vote to approve).

Upon a motion by the Law Committee, the Board voted 12-0-0 to approve the bonding resolution for the amended application.

ADJOURNMENT

SUBJECT TO APPROVAL
Upon a motion by Mr. Goldrick, seconded by Mr. Brady, the Board voted unanimously to adjourn at 9:29 P.M.

Respectfully submitted,

Peter Mynarski, Comptroller

Mary Lee A. Kiernan, Clerk of the Board

Michael S. Mason, Chairman



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Upon a motion by Mr. Pellegrino, seconded by Mr. Ramer, the Board voted 7-6-0 to approve the application (Mr. Mason, Mr. Pellegrino, Mr. Norton, Ms. Tarkington, Mr. Johnson and Mr. Bedrosian opposed) (Mr. Mason cast tie-breaking vote to approve).

Mr. Mason asked for a review of the subject to releases on MISA appropriations. Mr. Mynarski reviewed the subject to releases placed on the MISA appropriations since FY 12, which apply to a balance of about approximately \$22 million in appropriations. Ms. Moriarty clarified that the subject to releases were: 1) the receipt of bids and 2) a report on private fundraising for MISA, which was delivered this week. Mr. Mason made the same three requests of the BOE as Mr. Pellegrino and acknowledged that they cannot be provided this evening. Mr. Mason stated that the subject to releases would be reviewed again before November. Mr. Mason asked the BOE that the BET be at the table for financial discussions. Mr. Mason stated he is breaking the tie vote in order to bring the RTM into the discussion.

Mr. Ramer gave a report regarding the Law Committee's review of the bonding resolution associated with the application and Ms. Tarkington's proposal to increase the construction contingency. Mr. Pellegrino asked for the total amount of the MISA project and Ms. Tarkington stated that by increasing the contingency, the total project cost would be \$43,681,000 with an 11.1% contingency. Ms. Tarkington shared comments regarding the excavation contingency for

the auditorium, which would first access the 5% contract and 5% project contingencies against excavation prior to use of the additional \$500,000 contingency, and how any unused availability of the \$500,000 contingency for excavation of the auditorium would lapse. A discussion ensued about the timing and use of contingency funds. Further discussion ensued regarding parliamentary procedure.

Upon a motion by Mr. Pellegrino, seconded by Ms. Tarkington, the Board voted 12-0-0 to amend the application in respect of \$500,000 of the contingency with a condition that after the excavation of the MISA auditorium site, the authorization for any amount of said funds left unused shall lapse, and the bond authorization shall be reduced by the Board accordingly.

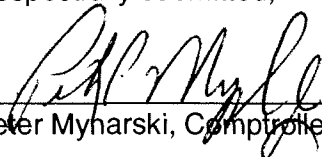
Upon a motion by Mr. Pellegrino, seconded by Ms. Tarkington, the Board voted 7-6-0 to increase the amount of the application by \$1,261,000 to \$9,866,000 for the purpose of increasing the construction contingency (Mr. Mason, Mr. Pellegrino, Mr. Norton, Ms. Tarkington, Mr. Johnson and Mr. Bedrosian opposed) (Mr. Mason cast tie-breaking vote to approve).

Upon a motion by the Law Committee, the Board voted 12-0-0 to approve the bonding resolution for the amended application.

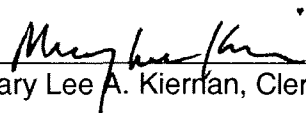
ADJOURNMENT

Upon a motion by Mr. Goldrick, seconded by Mr. Brady, the Board voted unanimously to adjourn at 9:29 P.M.

Respectfully submitted,



Peter Mynarski, Comptroller



Mary Lee A. Kiernan, Clerk of the Board



Michael S. Mason, Chairman