

1. BET Budget Comm. Guidelines Workshop Documents

Documents:

APPROVED_BET_BUDGET_COMM_WORKSHOP_MINUTES_09-25-12.PDF
BET_BUDGET_COMM_WORKSHOP_AGENDA_09-25-12.PDF
SUB_TO_APP_BET_BUDGET_COMMITTEE_WORKSHOP_MINUTES_09-25-12.PDF

**TOWN OF GREENWICH
BET BUDGET COMMITTEE WORKSHOP
Police Complex
Training Room B – 3rd Floor**

Tuesday, September 25, 2012

9:00 A.M.

Present:

BET Budget Committee Members:

Joseph Pellegrino, Budget Committee Chairman, Bill Finger, Leslie Tarkington, Jeff Ramer

BET Members:

Michael Mason, Chairman, Robert Brady, Randall Huffman, Marc Johnson, Marylee Kiernan, Sean Goldrick, Art Norton

Others:

Peter Tesei, First Selectman, Drew Marzullo, Selectman, Roland Gieger, Budget Director, Dr. William McKersie, BOE Superintendent, Ben Branyan, Board of Education and Barbara O'Neil, Board of Education

Mr. Pellegrino called the meeting to order at 9:00 A.M.

1. Approval of BET Budget Committee Workshop Minutes July 25, 2012.

Mr. Ramer made a motion to approve the July 25, 2012 BET Budget Committee Workshop minutes, seconded by Mr. Finger. The vote was 4 to 0 in favor of approving the minutes.

2. Discussion of FY 2013 – 2014 Budget Guidelines

Mr. Pellegrino welcomed everyone and thanked the members of the BET that forwarded constructive comments relative to the Budget Guidelines process as well as the First Selectman for his comments. Mr. Pellegrino mentioned that when writing the first draft of Budget Guidelines for FY 2013 – 2014, he used the previously drafted Budget Guidelines from prior years to assist him.

Mr. Pellegrino stated that at this meeting they will focus initially on the current financial state of the Town of Greenwich relative to formulating the FY 2013 – 2014 Budget.

Mr. Gieger led off by presenting the Mill Rate Projection, as of June 2012. This document is also known as Exhibit F and was contained in the draft Budget Guidelines previously distributed at the September BET Budget Committee meeting.

Mr. Gieger then presented an updated version of the Mill Rate Projection as it is believed to be currently with all of the existing information available to make projected conclusions. Mr. Gieger and Mr. Mynarski proceeded to go through the updated Mill Rate Projection with the following revisions to the original Exhibit F Draft:

- Town Salaries were adjusted by 0.05% to reflect more accurate contractual projected increases. This resulted in savings of \$325,000.
- Board of Education Salaries were adjusted upward by \$500,000. This was increased due to an anticipated increase in student enrollment of approximately 60 new students for next year.
- Utilities contracts have been favorably bid with cost savings of approximately \$275,000 on the Town side.
- Healthcare savings were anticipated to be \$450,000 to \$500,000 due to the continued migration of employees to Health Savings Accounts (HSA's). However, the current contract with CIGNA, the current health care provider, will expire on December 31, 2013. Current healthcare trends are at 120% of premiums indicating an expected increase for the six month period of January 1, 2014 to June 30, 2014 or one half of a fiscal year. The projected increase in healthcare for FY 2013 – 2014 under a new contract is expected to increase by approximately \$1,500,000. The net increase for this line is \$1,000,000 taking into account both adjustments.
- The Annual Required Contribution (ARC) for the Town of Greenwich Pension Plan was increased by \$500,000 based on a presentation from the Town's Actuary, EFI, Inc., at the July 2012 Retirement Board meeting. This was due to poor investment performance for FY 2011 – 2012 and the anticipated lowering of the assumed earnings rate down to 7.50% from 7.75%. In addition, the Actuary recommended adding more to the ARC, based on potential negative demographic information not factored into the July 2012 Retirement Board presentation. The total increase was \$500,000. Overall, the ARC will be increase from \$16.4 million to approximately \$19.9 million.
- The Risk Fund was increased by \$500,000 more making the total increase \$1,000,000 for FY 2013 – 2014. The Town recently approved a large settlement and is expecting another potential legal settlement requiring a larger appropriation to replenish the Risk Fund. It was noted that the annual financial audit for the year ending June 30, 2011 estimated contingent liabilities for all legal settlements at \$4.5 million. However, as previously noted, the two largest settlements should be reducing this liability for the period ending June 30, 2012.
- The final adjustment to the mill rate projection was a reduction in the expected rate of Grand List growth down to 0.60% from 0.87%. Effect on budget was \$994,000.

As a result of above noted adjustments, the projected mill rate increase for FY 2013 – 2014 is presently at a 5.79% increase, well outside the BET Budgetary Guidelines for previous years. The current guideline has not been officially set. Mr. Pellegrino asked Mr. Gieger to read off a list of possible solutions to reduce the budget. The options were drafted by Mr. Mason and Mr. Pellegrino and are as follows:

1. Raise the mill rate or tax increase under the projected budgetary scenarios and maintain current services.
2. Reduce the tax increase on Capital Projects Levy currently at \$38 million.

3. Ask Departments to reduce their budgets to a designated percentage and have them quantify and qualify the impact on services each department currently provides.
4. Reduce the rate of increase for all Town and Board of Education Departments.
5. Offer an Early Retirement Program.
6. Pay for less Capital Projects with cash, or through the mill rate, and borrow more. This option elicited a large number of responses from all the BET members in attendance. The central theme was a discussion on twenty year bonding versus the current practice of five year bonding for General Fund Capital Projects.
7. Merge Departments to avoid duplicative services thereby effectuating cost savings.
8. Adjust anticipated revenues.
9. Use more of the Fund Balance surplus.

Mr. Mason commented that during his tenure on the BET he has never experienced a budgetary gap of this size.

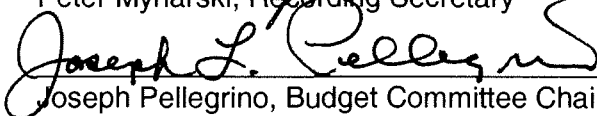
Mr. Pellegrino commented that more work is warranted and the Budget Committee will have to meet again and will not be ready to present the Budget Guidelines at the October 2012 BET meetings.

10. Adjournment

Mr. Ramer made a motion to adjourn, seconded by Mr. Finger. The Meeting was adjourned on a vote of 4 to 0 at 11:54 am.

Respectfully submitted,


Peter Mynarski, Recording Secretary


Joseph Pellegrino, Budget Committee Chairman



**TOWN OF GREENWICH
BOARD OF ESTIMATE AND TAXATION
BUDGET COMMITTEE
GUIDELINES WORKSHOP**

Tuesday, September 25, 2012

**Police Complex
Training Room B – 3rd Floor**

Must check in at Sergeant's Desk for access to the 3rd Floor.

9:00 A.M.

AGENDA

1. Approval of BET Budget Committee Workshop Minutes July 25, 2012
2. Discussion of FY2013 – 2014 Budget Guidelines
3. Adjournment

Joseph L. Pellegrino,
Chairman, BET Budget Committee

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SUBJECT TO APPROVAL

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Peter Mynarski, Recording Secretary

Joseph Pellegrino, Budget Committee Chairman