

TOWN OF GREENWICH
BOARD OF ESTIMATE AND TAXATION BUDGET COMMITTEE
MINUTES – Town Hall Meeting Room

Monday, July 6, 2016

Committee

Present: James A. Lash, Chairman; Mary Lee A. Kiernan, Jeffrey S. Ramer, Leslie L. Tarkington

Staff: Peter Mynarski, Comptroller; Roland Gieger, Budget Director; Tom Klein, Director Information Technology; Jay Hellas, Solution Specialist, IT Department

Board: Michael Mason, BET Chairman; John Blankley, William Drake, Elizabeth K. Krumeich, Leslie Moriarty, Arthur Norton, Jill Oberlander, Nancy Weissler

BOE: Dr. Salvatore Corda, Interim Superintendent of Schools; Laura Erickson, BOE Chair

Other: Lucia Jansen, RTM Member BOC Chair; Ken Borsuk, Reporter, *Greenwich Time*

The meeting was called to order at 5:00 P.M.

Mr. Lash welcomed Committee members and attendees.

Old Business

None.

New Business

- **Information Technology Progress Update** - Mr. Klein reported that the department's focus on architectural infrastructure projects and the health of TOG's IT operations, would enable reaching 29 TOG sites; changing service providers to the State of Connecticut, would save the Town \$50,000 per annum. Federal support for disaster recovery was assisting in planning the sequence of restoring services in the event of disaster: 1) The Nathaniel Witherell, 2) RTM, 3) Boards & Commissions; 4) Police & Fire; and then the balance of TOG management. Mr. Klein proposed future expansion of the IT department to defend TOG from cybercrime. Ms. Kiernan asked if outsourcing was being considered for cyber security, which was recommended by the Town's BerryDunn study of IT, to which Mr. Klein responded that his preference would be a full time in-house position. Voice-over IT is being scheduled for implementation at the Library, TNW, Police/Fire and other departments.

When Mr. Klein suggested that the Building Department's City-View database system would be enhanced with online permitting, Ms. Kiernan asked about the timeframe required and potential staff reductions or other cost savings for the process change, to which Mr. Klein responded that it was too early to know. Mr. Klein emphasized that to successfully implement individual department and town wide solutions it was necessary to have support and involvement of Town leadership. Mr. Klein projected future capital requests for the redesign of the Town website and other projects including application upgrades and document management. Mr. Lash asked for a clarification of how the conversion to reliance

on the State as the Town's Internet provider would impact TNW and TOG disaster recovery; Mr. Klein remarked that the State would have the scale to invest more heavily in fail-safe back-up systems in the cloud.

- **Budget Guideline Discussion** – Mr. Gieger distributed multiple spreadsheets based on various FY2018 expenditure scenarios reflecting assumptions ranging from 1.5% to 2.75% in the operating budget (before fixed charges and capital) to better understand the prospective budget cuts and use of fund balance that would be required to achieve various mill rate increases. He offered examples of the impact of a 2% operating budget assumption increase guideline with a 2.75% mill rate increase and a 1.5% operating budget assumption increase guideline which would require an approximately \$900,000 budget cut to achieve a 2.75% increase in the mill rate.. Ms. Tarkington asked Mr. Gieger to provide both a 1% operating budget assumption scenario, as well as the RTM / Budget Overview proposed budget assumption scenario to determine the consequences of the RTM's lower spending solution.

Ms. Kiernan noted that the only options for cutting the overall budget were to cut headcount and/or services out of the operating budget, cut items in fixed charges or cut the size of the fixed \$3 million annual increase in the capital tax levy, noting that cutting specific capital projects does not reduce the fixed annual increase in the capital tax levy set forth in the Town's capital model. Mr. Lash explained that when the model was developed in the early 2000's, the model assumed an annual mill rate increase of 2-4%. The fixed \$3 million capital tax levy increase equaled a 1% increase in the mill rate in those years, and this model is still being used today.

For discussion, Mr. Lash circulated two examples of alternative scenarios for the Town's 15 year capital budget model starting in FY2018 with several changes to the capital budget model contained in the FY 17 budget books approved by the BET and the RTM as background information; 1) the first model reflected a budget of \$35 million as both a capital maintenance expenditure cap and a total capital project cap, showing reductions in capital projects anticipated in departmental budgets; and, 2) the second model reflected a budget of \$35 million as a capital maintenance expenditure cap plus \$10 million more in capital projects, for a total of \$45 million in capital spending .

Ms. Kiernan raised the following concerns about the sample capital models presented: 1) projects continue to move around in the out years, raising questions about credibility of the data; 2) the entire 15 year model lacks inflation adjustments; 3) both models are out of compliance with the BET's Debt Policy (as is the schedule now contained in the FY17 budget books); 4) both models reduce capital projects anticipated by department heads without explanation as to why or how; 5) the models continue the old system of underinvestment with high debt service on short term bonds pushing out projects in time.

Ms. Tarkington pointed out in a chart that she had prepared that \$189 million had already been appropriated for Capital Projects both for past years' unspent and encumbered appropriations and the addition of the current FY 2016-2017 appropriations. She commented that over the years the number of and intensity of lobbies for certain expenditures had increased. Also, Ms. Tarkington recommended that a review of all Capital Projects should be instituted because multiple Capital Projects seemed to be more appropriately classified as Operating Expenditures and should be re-categorized. In addition, she emphasized that future expenditures are not inflation adjusted. Mr. Lash reminded the Committee that BOE would be conducting its \$400,000 Master Plan review

that would provide better estimates for future repairs, maintenance requirements and possible new construction.

Mr. Lash reminded Committee members that stretching out Capital Projects would not impact the Capital Tax Levy. Ms. Kiernan commented that introducing flexibility in the maturities at which the Town borrows to fund capital projects would provide extra cash to be used for several potential purposes including financing both newly approved and existing capital projects, lowering off-balance sheet liabilities, and/or lowering taxes.

Approval of BET Budget Committee Meeting Minutes

Upon a motion by Mr. Ramer, seconded by Ms. Tarkington, the Committee voted 4-0 to approve the Minutes of the Budget Committee's Regular Meeting June 6, 2016.

Upon a motion by Mr. Ramer, seconded by Ms. Tarkington, the Committee voted 4-0 to approve the Minutes of the Budget Committee's Regular Meeting June 7, 2016.

Adjournment

Upon a motion by Mr. Ramer, seconded by Ms. Kiernan, the Committee voted 4-0 to adjourn at 6:43 P.M.

Next regular meeting will be September 13, 2016 at 5:00 P.M. in the Cone Room.

Respectfully submitted,

Catherine Sidor, Recording Secretary

James A. Lash, Chairman.