

TOWN OF GREENWICH
BOARD OF ESTIMATE AND TAXATION
BUDGET COMMITTEE
MINUTES
CONE MEETING ROOM
JULY 12, 2005

PRESENT:

COMMITTEE: Valeria P. Storms, Chairman
Jara Burnett, Laurence Simon, Stephen Walko

STAFF: Peter Mynarski, Comptroller; Roland Gieger,
Budget Director; Sue Wallerstein, Board of
Education; Ed Gomeau, Town Administrator

BOARD; Peter Berg, Michael Mason, Alma Rutgers, Bob
Stone, Peter Tesei

BOARD EX OFFICIO: James A. Lash, First Selectman

OTHER: Leslie Tarkington, The Nathaniel Witherell
Board

Ms. Storms called the meeting to order at 6:30 p.m.

Members of the Budget Committee reviewed the 2006-2007 budget projections as prepared by Mr. Gieger and discussed guidelines for the 2006-2007 budget.

TRANSFER OF TRAFFIC DIVISION FROM PARKING FUND TO GENERAL FUND

It was pointed out that the projected increase in the 400's accounts reflects the assumption that the Traffic Division is moved from the Parking Fund to the General Fund in the 2006-2007 budget, with the Police directing traffic on Greenwich Avenue to be moved from the Parking Fund to the General Fund in the 2007-2008 budget.

In response to questions from Mr. Walko and Ms. Burnett, Ms. Storms and Mr. Gieger said that the reason for these transfers to the General Fund was the fact that the Parking Fund will be depleted when the parking garage is built and that the transfers were being phased in because there was enough money in the Parking Fund for the Avenue Police in 2006-2007 but not for the Traffic Division. Mr. Walko expressed his concern that this

departure from current practice was taking place without discussion and that an assumption that the garage will be funded is being made before there has been any discussion about it.

In response to a question from Mr. Walko, Mr. Gieger said that there was design money for the garage in the 2005-2006 Budget and that construction was scheduled for 2006-2007 in the Ten-Year Capital Plan. Mr. Walko said that since the request to fund the garage would not come to the BET before the 2006-2007 budget deliberations, this discussion should take place in February 2006.

In response to a request from Mr. Simon, Mr. Gieger said that he would do a five year cash flow projection for the Parking Fund.

GEA SETTLEMENT

Mediation is expected in August and arbitration in September. The amount of the settlement should be known by the time the budget guidelines are finalized.

OPEB

The 2006-2007 budget projection does not include a projection for Anthem. Mr. Simon asked that Maureen Kast, Director of Human Resources, be requested to provide a projection for 2006-2007.

PENSION CONTRIBUTION

There was a discussion concerning the roles of the BET and the Retirement Board in relation to the Pension Fund.

In response to a question from Mr. Simon, Mr. Gomeau said that at the present moment, the pension contribution projection (\$3.7 million) for 2006-2007 is as good a number as we can have now and that there is no indication that this will change.

RISK FUND CONTRIBUTION

Mr. Walko said that he wants to be sure that the projected number for 2006-2007 is the correct number and that it is not an arbitrary number.

Mr. Simon agreed that there should be a better understanding of how this number is determined. He said that the goal should be to fund the accrued liability. Mr. Walko said that he does not see how the Risk Fund contribution number matches this goal.

It was agreed that further discussion of, and insight into, this process is needed.

Mr. Mynarski said that there was "nothing large out there" that could jeopardize the projected number.

OTHER FIXED CHARGES

Mr. Simon said that he sees Insurance and Workers Compensation as the two areas in Other Fixed Charges where costs can be controlled.

CAPITAL

The projected figure of \$60,590,000 for current year capital projects in the 2006-2007 Budget is the number that is in the Ten-Year Capital Plan.

INTEREST

Mr. Mynarski projects interest earnings at a rate of 3.75% (3.61% on an annualized basis), which is higher than the previous year. He estimates \$1 million in interest income.

BUDGET GUIDELINES

Mr. Simon said that the 2006-2007 projection was \$6 million above the Guideline, which he said was the lowest difference it has ever been at this point in the budget process. Mr. Simon also said that he expects the Fund Balance to be higher than the original projection.

Budget Growth:

The guidelines should include an explanation of the factors leading to increases in the operating and capital budgets as well as Fixed Costs.

Mill Rate Increase:

The guidelines should also include an explanation regarding the mill rate increase guideline in relation to inflation. Mr. Lash said that the rate of the mill rate increase can be described as being like the rate of inflation but not an exact rate of inflation number, since variables such as labor contracts make it impossible for these two numbers to be the same. Mr. Lash also said that the mill rate increase would be in the 2.6% to 2.7% range were it not for the decision to add an additional \$2 million each year to the Capital and Non-Recurring Fund to take care of the Town's infrastructure needs.

Mr. Simon said that the Guidelines should include an introductory paragraph explaining the establishment of the mill rate.

The Effect of Utilities on the Budget:

Mr. Simon said that the guidelines must take into account fuel increases, which is a big number. Mr. Gomeau said that the fuel contract is signed at the end of August. Mr. Lash said that the real problem with utility costs is that they can change quickly. Ms. Storms and Burnett asked if fuel should be treated separately in the budget. Mr. Lash said he would encourage the BET not to do this but rather keep the total spending under control

and leave it to the First Selectman to manage within the spending guidelines. Mr. Lash asked that the BET give a guideline for non-personnel costs to reflect something that is reasonable in the aggregate.

Personnel

Mr. Lash reviewed the history of the reduction in headcount by 15 positions, saying that this was done by the BET in the past because the then First Selectman had not brought the budget within the guideline. Mr. Lash said that if the First Selectman produces a budget that is within the budget guidelines, the First Selectman should not also be required to have a headcount reduction, as this will "over-constrain the process." This would be a very different policy about downsizing, which, while it could encourage efficiencies, could also create its own inefficiencies in terms of employee morale. Mr. Lash also said that there were other ways than through headcount to get within the budget guidelines.

Mr. Simon said that these issues of headcount would have to be discussed as a matter of policy.

Mr. Lash said that whatever is done with the Town's headcount should also apply to the Board of Education, which should not be treated differently. Mr. Simon said that the current year is a transition year for the Board of Education and that enrollment based budgeting would be a goal for next year.

Mr. Tesei pointed out that the BET Human Resources Committee is currently undertaking a comparative study of staffing models in peer communities and asked how this information would feed into the preparation of the 2006-2007 Budget, if at all.

Ms. Storms indicated that the Budget Committee would certainly consider the Human Resources Committee Report, but would need to have the information by September.

Mr. Mynarski offered to speed up his gathering of information for the Human Resources Committee, but Human Resources Committee Chairman, Bob Stone, said that he wants a thorough, reliable study that goes beyond the numbers indicating that Greenwich staffing levels are high and does a reasonable analysis comparing communities that provide the same level of services. Mr. Gomeau said that the Human Resources Committee does not have the resources to do that kind of a study.

Mr. Simon said that having staffing level numbers says nothing about the level of service. He said that the report will be of no value unless it also includes information about service levels.

Ms. Storms said that Mr. Mynarski should proceed with gathering information and get whatever information he has to the Budget Committee before the Budget Guidelines are approved. She said that the study may have to proceed as a longer-term project.

Timeline:

It was decided to hold a Special Meeting of the BET at 7 p.m. on Thursday, September 22, 2005, preceded by a Budget Committee meeting at 6:30 p.m., in order to approve the Budget Guidelines. (It was later decided to hold these meetings on Wednesday, September 21 at 5:30 and 6 p.m. instead.)

Benefits:

Mr. Gieger said that Finance was working on an analysis of benefits for departmental groups and coming up with different benefit rates, e.g. the Police Department as different from The Nathaniel Witherell. They will need to come up with a generic percentage for smaller departments.

In-House Capital Projects:

Mr. Simon said that a policy should be developed regarding how to budget for capital projects that are done in-house. Mr. Gieger said that he has talked to Dave Thompson about this.

Maintenance of Infrastructure:

Mr. Simon said that a plan for maintaining buildings is necessary and that we need to know that resources are being allocated correctly. Ms. Storms said that the schools are working on such a plan and that it makes sense for the Town to coordinate their efforts with the schools.

Outcome Based Budgeting:

Mr. Mynarski said that there would be a report in February. He said it would involve:

- 1) Demonstrating how outcome based budgeting benefits the town; and
- 2) The outcome of the process.

Board of Education Staffing Model:

Mr. Simon said that he would like to see the Board of Education explain the differences between an ERG B "vanilla", or average, staffing model and the Greenwich staffing model and how the extra resources are used to achieve the administration's objectives.

He would like to see more explanation and the alignment of resources to Board objectives. He said that he would like to avoid zero based budgeting based on existing staffing patterns but instead do zero based budgeting based on the ERG B average.

In response to a statement by Mr. Mason regarding the need for the Board of Education to distinguish between the resources needed for what is required and the resources needed for what is discretionary, Mr. Simon said that it would be better to think of this in terms of the discretionary choices that are being made with the resources that the Board of Education has. Mr. Simon said that he hopes the Budget Committee can write a guideline that gives the Board of Education clout to explain what they are doing in relation to the ERG B average. Ms. Burnett said that it should be possible to apply these principles to other areas of government.

Audit of Retirement Plan:

Mr. Mynarski asked what Mr. Simon meant by "audit of retirement plan" in his draft of discussion items for the Budget Guidelines. Mr. Simon replied that this referred to an audit of the data base to ensure that what comes out is accurate.

APPROVAL OF MINUTES

Upon a motion by Ms. Burnett, seconded by Mr. Simon, the Budget Committee voted 3-0-1 to approve the minutes of the June 14 meeting of the Budget Committee, with Mr. Walko abstaining because he was absent from the meeting.

ADJOURNMENT

There being no further business before the committee, upon a motion by Mr. Walko, seconded by Mr. Simon, the Budget Committee voted 4-0-0 to adjourn the meeting at 8:25 p.m.

Respectfully submitted,


Alma Rutgers, Recording Secretary


Valeria P. Storms, Chairman