

**TOWN OF GREENWICH  
BOARD OF ESTIMATE AND TAXATION BUDGET COMMITTEE  
DEPARTMENTAL REVIEW DAY FOUR FOR FY16-17 BUDGET**

**Town Hall Meeting Room  
Wednesday, February 10, 2016 – 9:00 A.M.**

Present:

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

Staff: Peter Mynarski, Comptroller; Roland Gieger, Budget Director; Ben  
Branyan, Town Administrator; Melissa Jones, Senior Business Analyst;  
Angela Gencarelli, Financial Analyst; Tod Laudonia, Tax Collector; James  
Heavey, Police Chief; Greg Hannigan, Director of Police Business Services;  
Robert Kick, Ass't Fire Chief; Jay Domeseck, Director Fleet Department; Al  
Monelli, Superintendent, Buildings & Construction; Joseph Siciliano, Director,  
Parks & Recreation

Board: John Blankley, William Drake, Beth Krumeich, Michael Mason, Leslie  
Moriarty, Art Norton, Jill Oberlander, Nancy Weissler

Selectmen: John Toner, Selectman

Others: Greg Stump, Boomershine Consulting Group; John Chadwick,  
Chairman, Retirement Board; Alan Brown, Director Nathaniel Witherell;  
Chris Alexander, Nathaniel Witherell Director of Financial Operations;  
Laurence Simon, Chair, Friends of Nathaniel Witherell; Lloyd Bankson,  
Member, Friends of Nathaniel Witherell

RTM Members: Steve Warzoha, RTM Member; Lucia Jansen, RTM Member and BOC;  
John Dolan, RTM Member; Rebecca Steinfeld, RTM Member; Valerie  
Stauffer, RTM Member; William Galvin, RTM Member; George  
Sorenson, RTM Member; Roz Castro, RTM Member; Ken Borsuk,  
Greenwich Time Reporter

Mr. Lash called the meeting to order at 9:02 A.M.

**SPEAKERS**

**Retirement System/Pension Plan** - Mr. Chadwick requested that the Committee reduce the expected rate of return on the Retirement System Pension portfolio from 7% to 6.75% because producing the higher rate of return in the current economic environment with the required 25% of the portfolio in Fixed Income did not appear to be possible. He commented that choices seemed to be boosting risk in the Equity portion of the portfolio or building up cash reserve for later investing.

**Actuarial Report** - Mr. Stump presented an Experience Study of the Town's employee population integrating inflation, pension costs, healthcare benefits, COLA, salary increase and career assumptions. Simulations of the Retirement Systems pension fund were modeled based on a 7% rate of return with a 2.5% inflation rate, as well as a 6.75% return rate with 2.25% inflation. The Committee asked the actuary if both combinations of assumptions were reasonable. Mr. Stump replied that both combinations of assumptions were reasonable and resulted in the same real rate of return.

Mr. Stump explained that the Actuarial Valuation for TOG's Retirement System was based on a model of contributions and return assumptions in order to define TOG's ARC (Annual Required Contribution). Charts demonstrating the difference of using 6.75% and 7.00% rates of return to determine the amount of the Town's FY17 contribution to TOG's Pension and the amount of the unfunded liability were presented. Mr. Stump projected an outlook of a loss of approximately \$35 million in the Pension fund assets if the fiscal year ends with 0% rate of return.

Mr. Stump also explained the use of a new mortality table reflecting longer life expectancies. He said four years of data were used, rather than the more typical five, because in the consolidation of the two actuary companies, one year of data was lost. Mr. Stump explained why wages were increased by an additional 0.25% over the inflation rate, which reflected Greenwich's higher cost of living. The Committee suggested that this was unnecessary as his calculations were based on actual Greenwich employee compensation rates which reflected this effect. He shared that one quarter of the pension fund active plan members are police and fire.

Mr. Lash requested that the actuarial group deliver more scenarios so that the impact of additional variables in the mortality table, inflation rate, career salary, COLA and healthcare cost scenarios could be reviewed again before the end of February.

**OPEB Fund** - Mr. Lash asked Mr. Stump to project how future Workmen's Compensation, inflation and healthcare costs would become a bigger liability and therefore impact the contribution TOG should be making annually.

**Tax Collector** - Mr. Mynarski asked Mr. Laudonia the percentage of "uncollectable taxes" in each of the three categories (real estate, personal property and business taxes) and what percentage would eventually be written off or if anticipated receivables should be reduced. Referring to comments in the Auditor's Letter regarding the QDS system implemented in the Tax Collector's office, the Committee asked what steps had been taken to resolve the issues. Staffing and departmental operations were also discussed.

**Nathaniel Witherell** - Mr. Brown introduced TNW FY2017 Budget saying it reflected decreased expense levels, reduced the need to draw from the Town's General Fund with the removal of in-kind charges, decreased capital expenses and reset revenue expectations based on revised census projections and five additional rehab beds.

**Revenues** - Mr. Alexander commented that FY2016 projected revenues were too high because of the occupancy assumptions, payer mix and delay completing capital project construction. Mr. Lash requested a single-page analysis that segregated philanthropy and State tax credits as debt reduction offsets so that the cost of operations could be reviewed again.

**Operations** - Mr. Brown described the need for additional part time staffing to deliver patient care in the additional short term rehab area. The cost of TNW fringe benefits was discussed and Mr. Brown requested that pension contribution be charged at normal cost rather than including

amortization costs; the question is being referred to the Budget and Audit Committees and would be discussed further on BET Budget Committee Decision Day, February 29, 2016. Mr. Lash requested that Mr. Alexander and Mr. Gieger provide formula scenarios of healthcare and pension costs. Ms. Weissler suggested that a lease/sale analysis be prepared with residual costs related to the Town for further discussion.

**Capital Request** - Mr. Alexander requested a capital investment in new Nursing Equipment that would support and maintain patients in the new short term rehab rooms. A new bus was requested to replace an aging bus in the TNW inventory.

**Fleet Department** - Mr. Branyan presented an overview of the request for capital investment in town vehicles that would level demand to facilitate planning in the 15 Year Budget. The cost of inspection, service and replacement to provided safe operating vehicles resulted in this request by the Fleet Department; the Police and Fire Departments representatives concurred with estimate of the need for newer, safer vehicles. Mr. Domeseck commented that he appreciated Mr. Branyan's assistance identifying and returning close-out funds from previous projects.

**Capital Requests** - Each department's requests for vehicles was presented separately based on respective vehicle life-expectancy measurements standards. Mr. Lash requested a single-page analysis of vehicle repair bills/trade-in value and cost of replacement for the Committee's further consideration. The Police and Fire Departments were asked if any of the requested items could be deferred or were serviceable for limited use; Chief Heavey and Ass't Chief Kick provided detailed explanation of equipment deployment and their respective department's replacement formulas.

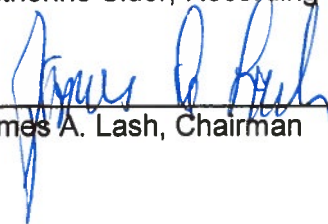
Mr. Lash asked Mr. Gieger to obtain and forward the additional information requested from specific departments during their Department Review and schedule return interviews prior to Consolidation and Decision Days.

The meeting adjourned at 4:52 P.M.

Respectfully submitted,



Catherine Sidor, Recording Secretary



James A. Lash, Chairman