

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

Cone Meeting Room
MINUTES – Tuesday, September 12, 2017

Committee

Present: James A. Lash, Chairman; Leslie Moriarty, Jeffrey S. Ramer, Leslie L. Tarkington

Staff: Peter Mynarski, Comptroller; Roland Gieger, Budget Director; J. W. Fox, Town Attorney; Fernando F. deArango, Assistant Town Attorney; Aamina Ahmad, Assistant Town Attorney; Caroline Baisley, Director, Health Department; Deborah Lamonche, Business Office Administrator, Health Department

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

Selectmen: John Toner, Selectman

BoE: Laura Erickson, BoE, Member; Jennifer Dayton, BoE Member;

TNW: Allen Brown, Executive Director, Nathaniel Witherell; Laurence Simon, Chairman, TNW Board of Directors

RTM: Horst Tebbe, RTM D-6

Public: Ken Borsuk, Report, *Greenwich Time*

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

Mr. Lash welcomed Committee members and attendees.

Executive Session- Discussion of Pending Litigation

Mr. Lash called for an Executive Session to discuss litigation settlements.

Upon a motion by Ms. Tarkington, seconded by Mr. Ramer, the Committee voted 4-0 to enter Executive Session at 5:02 P.M.

The Committee exited Executive Session at 5:34 P.M.

Requests for Budget Adjustments

BUDGET APPLICATIONS

SE-3	First Selectman	Settlement
\$40,000	P935 57350	Milazzo v. TOG

Upon a motion by Ms. Tarkington, seconded by Mr. Ramer, the

Committee voted 4-0-0 to settle the litigation in the amount of \$40,000 and forward the settlement to the BET as a Routine Application.

SE-4	First Selectman	Settlement
\$12,000	P935 57350	Lachira v. TOG

Upon a motion by Ms. Tarkington, seconded by Mr. Lash, the Committee voted 2-2-0 to settle the litigation in the amount of \$12,000. Motion failed. (Opposed: Moriarty, Ramer).

SE-5	First Selectman	Settlement
\$75,000	P935 57350	Savariau v. TOG

Upon a motion by Ms. Tarkington, seconded by Mr. Ramer, the Committee voted 4-0-0 to settle the litigation in the amount of \$75,000 and forward the settlement to the BET as a Routine Application.

HD-3	Health	Approval to Use
\$73,980.10	F403 & various object codes	Public Act Funds for FY2016/2017

Ms. Baisley explained to the Committee that the Health Department had received a state Per Capita Grant in Aid for FY18 to defray expenses for Town residents' medical care, Health Department office communication, office supplies and laboratory & medical supplies. Ms. Baisley commented that it was important that the Health Lab replace its dated equipment in the event that the grant was not available in the next fiscal year.

Upon a motion by Mr. Ramer, seconded by Ms. Tarkington, the Committee voted 4-0-0 to approve the application and forward the request to the BET as a Routine Application.

Old Business

None

New Business

Discussion of 2018-2019 Budget Guidelines – Mr. Geiger distributed a draft of the FY19 Budget as prepared by the Finance Department and Mr. Lash for the Budget Committee's review. After pointing out highlights of the draft, Mr. Lash asked that comments from the Committee, and specific suggestions on details be made in the next week, so that the Guidelines could be taken up at October's Budget Committee meeting and forwarded to the BET for its October meeting for action at that time.

Mr. Lash pointed out that the 9/12/17 draft distributed by Mr. Geiger is a point of departure. Its basic assumptions include the labor cost as reflected in current contracts, a 2% increase for object codes 200s-800s; up to date information on healthcare costs which includes a \$2.2 million savings from State plan changes effective 1 October 2017, more accurate cost for current enrollees and 7% premium increases effective 1 July 2018; no change in OPEB or pension cost, no change in Nathaniel Witherell or School Lunch Fund contribution; capital spending as reflected in the model; a \$3 million increase in the Capital Tax Levy in part anticipating the revised and expanded Schools

capital plan; and no change in the use of Fund Balance. Based on these assumptions, Department Operating Costs would increase 2.4%, Fixed Charges increase 1.3%, Capital Tax Levy increases by \$3 million and the Use of Fund Balance remains the same resulting in a required tax levy increase of 2.12% and a mill rate increase of 1.42%. Mr. Lash indicated that this is the best financial position the budget has been in at this point in the budget cycle in decades. He continued that this is due to good fiscal discipline over the past decade despite some difficult financial times.

Mr. Lash continued that there are some unknowns. Some of the labor contracts are currently in arbitration so final costs are not yet determined. Other categories that usually are adjusted in February include Utilities, Healthcare, OPEB, and Pension Fund. When the Actuarial work is completed, TOG's contribution to OPEB is expected to be lower due to the lower healthcare costs and lower Pension costs are anticipated; Capital investment is anticipated to be approximately \$47 million. BoE is completing its master plan and will be adjusting its capital plan. BoE's new capital plan is expected to be in the range of \$500-\$700 million over 15 years. This estimate is based on annual required maintenance/renovation/replacement of 2%-5% of the estimated \$1 billion real estate value. Mr. Lash indicated that the current capital model which increases the Capital Tax Levy would be able to accommodate this revised plan. The Required Tax Levy is projected to be 2.1%, slightly higher than the previous year's 1.99%. This would result in a 1.42% Mill Rate increase, which is lower than the 1.49% in the current year's budget. The Committee members can preview calculations of changes in a "sensitivity box" that shows the necessary changes to the budget to result in different Mill Rate changes. Mr. Lash offered that TOG had been working nearly twenty years to reach this financial point.

Other possible negatives that could impact the FY19 Budget: 1) State of CT's own budget issues; and 2) the State re-directing a portion of teachers' pension cost to municipalities. The latest proposal from the Governor allocated 1/3 of the normal cost, phased in over 2 years, to be paid by the municipalities. Mr. Lash indicated this "normal cost" amount would not be a significant hurdle for the Town and that funds had been retained in the FY18 budget for this eventuality. Mr. Lash also indicated that Greenwich's budget does not include much, if any, revenue from the State. However, there is a need to follow State reductions in social service funding and how that impacts our residents.

Members of the Committee and BET made the following observations:

Ms. Moriarty commented that the draft FY19 Budget is an unusual starting point for the budget process. While it is known that many variables change in the next 6 months of budget development, the challenges will be one of identifying priorities rather than not having any choices. Ms. Moriarty supported priorities of maintaining our strong public schools and safeguarding the necessary programs for residents in need. The budget process should continue to focus on supporting those services that provide value to our residents and preparing the Town for the future. We need to maintain our infrastructure. The budget process should include discussions on improved customer service and improved work processes, including an understanding of implemented and planned technology projects. There were several accounting changes discussed last year which should be addressed – certain expenses between the TOG and BOE and the discussion about oversight of 440 External Entities.

Mr. Ramer remarked that the proposed budget might be too conservative in its calculations of pension contribution, OPEB and School Lunch Program estimates. He added that The Nathaniel Witherell Strategic Report might require additional expenditures and that the Risk Fund might need to be raised to its former \$1 million level. He concurred with Ms. Moriarty on concern for

the impact of teacher pension funding, social service funding and cautioned that the local nonprofits might not be able to meet the differential. Mr. Ramer recommended that the Guidelines again contain a directive to each of the Departments, that they each indicate what specific services or other changes could be added if they were given a little more money than that requested, and conversely what specific services or other changes would result if they were given a little less money than that requested.

Ms. Tarkington commented that a focus on private sector work rules and benefits would be worthwhile when negotiating union contracts. She proposed at minimum net-zero staffing increases, and consideration of the area inflation rate now at 1.6% (CPI-U) and 1.7% (CPI-W) per annum when calculating benefits and salaries and the 200s through 800s MOCs. She asked that Utilities be reviewed within the same guidelines, and offered to meet with Mr. Zaszik. Cautioning that there was a backlog of Capital Projects, which need to be completed, Ms. Tarkington urged more robust pursuit by the BoE of school CO's and outstanding reimbursements from the State on completed projects; accelerating the use of technology town-wide; and consolidation of similar town services.

Mr. Mason indicated that the cost of the school bus contract had changed, and that digital learning goals and objectives needed to be re-set. He also reminded the Budget Committee that there should be some resolution regarding Mr. Tessei's last June memo for possible move of certain expenses from TOG to BOE. Mr. Mynarski indicated that he, Ben Branyan, and Lori O'Donnell, the BoE COO, are working through those items.

Ms. Weissler commented that the favorable draft Budget is masked by the lower Healthcare cost. She would like to see a drive toward greater efficiencies so operating costs are lower. She also indicated the Nathaniel Witherell's budget will need to be reviewed based on actual results for FY17 including debt service.

Mr. Drake proposed that the Finance Department recalibrate the draft Budget's sensitivity box to reflect a different range of possible mill rates, suggesting a range of 0% - 2.5% increase.

Ms. Krumeich suggested seeking departments' input on efficiencies.

Ms. Oberlander believes the discussion should start with an understanding of what services the Town should provide rather than starting with a proposed mill rate increase. Mr. Lash responded that it is difficult to do when the draft Budget is reasonable and pointed out that the budget wasn't designed to take away a department head's authority but rather look for efficiency by merging staff.

Mr. Tebbe, an RTM member, asked why the Committee doesn't use a bottoms up budget process by asking Department heads what they needed to get the job done.

Mr. Drake, as the BET liaison to the New Lebanon Building Committee, updated the Committee and attendees on the cost that the delay of passing the State's Budget was imposing on the contractors but added that they had agreed to postpone the expiration of their Bids until October 24th. The Building Committee has decided that October 20th was their go/no go date.

In closing, Mr. Lash reiterated his request that comments and suggestion to be incorporated into the FY19 Budget Guidelines reach him by Tuesday, September 19th.

Approval of BET Budget Committee Meeting Minutes

Ms. Tarkington made a motion to approve the BET Budget Committee Meeting Minutes of July 11, 2017, seconded by Mr. Ramer. The Committee voted 4-0-0 to approve the motion.

Adjournment

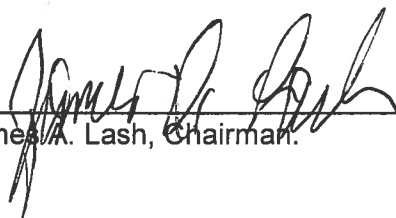
Mr. Ramer made a motion to adjourn the Meeting at 7:08 P.M., seconded by Ms. Tarkington. The Committee voted 4-0-0 to adjourn.

Next regular meeting will be October 17, 2017 at 5:00 P.M. in the Cone Meeting Room.

Respectfully submitted,



Catherine Sidor, Recording Secretary



James A. Lash, Chairman.