

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

Tuesday, September 13, 2016

Committee

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

Staff: Peter Mynarski, Comptroller; Melissa Jones, Senior Business Analyst; Caroline Baisley, Director Health Department; Deborah Flynn, Business Office Manager, Health Department; Princess Erfe, Director Community Development Commission; J.W. Fox, Town Attorney; Aamina Ahmad, Assistant Town Attorney; Tom Klein, Director IT Department

Selectmen: Peter Tesei, First Selectman

Board: Michael Mason, BET Chairman; John Blankley, Leslie Moriarty, Arthur Norton, Jill Oberlander, Nancy Weissler

BOE: Laura Erickson, BOE Chair; Jim Hricay, BOE Managing Director Operations; Barbara O'Neill, BOE Vice Chairman

Other: Nancy Coughlin, Executive Director, Neighbor to Neighbor; Monica Bourgie, Chief Advancement Officer, YWCA; Peter Lasalandra, Chief Financial Officer YWCA; Jim Lucsky, Director of Facilities, YWCA; Ken Borsuk, Reporter, *Greenwich Time*

The meeting was called to order at 5:04 P.M.

Mr. Lash welcomed Committee members and attendees.

EXECUTIVE SESSION – Discussion of Pending Litigation

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

Upon a motion by Mr. Ramer, seconded by Ms. Tarkington, the Committee voted 4-0 to enter Executive Session at 5:04 P.M.

The Committee exited Executive Session at 5:43 P.M.

The Committee voted 4-0 to exit the Executive Session at 5:43 P.M.

Requests for Budget Adjustments

<u>IT-1</u>	<u>Information Technology</u>	<u>Transfer</u>
\$15,538	A 134 51460	Offset Budget Adjustments

Mr. Klein reported that he recently achieved a savings in the sum of \$18,887 in the renegotiation of a contract extension with Tyler Technologies (A-134-52360). He requested that his Department be approved for a transfer of \$15,538 of those savings to the professional services

line (A-134-51460) which presently has an anticipated shortfall.

Upon a motion by Ms. Tarkington, seconded by Mr. Ramer, the Committee voted 4-0 to approve the transfer of funds and forward the application to the Board of Estimate and Taxation as a Routine Application.

<u>SE-1</u>	<u>First Selectman</u>	<u>Approval to Use</u>
\$250,000	F501 57210	STEAP Funds – Neighbor to Neighbor

Ms. Erfe explained that Neighbor to Neighbor was approved by the State of CT to receive the 2016 Small Town Economic Assistance Program (STEAP) Grant but the STEAP granted is provided to the Town and it is therefore necessary for a Sub recipient Agreement to be added to the documents because it differed from the State's traditional municipality award process and would redirect the funds to a nonprofit organization. Acting for the Town, because of its similarity to the CDBG grant process administered by the Community Development Block Grant Commission, Princess Erf, as the Director of Community Development, would oversee the execution of the award's objective and reporting obligation.

Ms. Coughlin, Neighbor to Neighbor's Executive Director, was asked by Ms. Kiernan to provide an update on Neighbor to Neighbor's new building approvals and construction process, to which she detailed the series of design changes that responded to requests from the Historic Commission and Planning and Zoning. The nonprofit is hoping to satisfy all the building requirements in order to be able to break ground in early spring 2017.

Mr. Ramer offered a summary of local residents' and other community organizations' concerns as well as comments on the valuable work and need for physical expansion of Neighbor to Neighbor's facility. Ms. Tarkington noted that the Law Committee had not yet completed its review of the documentation on the Town's obligations for accepting a grant as a pass through to a third-party nor had Neighbor to Neighbor (nor the YWCA), had its respective attorney review the documents for the specific requirements of the agreement. In response to Ms. Tarkington's inquiry, First Selectman Tesei added that it would not be necessary for the RTM to approve the grants and appropriations as there is a current RTM approved Budget Resolution for STEAP grants. Ms. Ahmad commented that the State was being asked to remove the language referring to the Town's "negative pledge" for the YWCA grant, which should be resolved by the next month's BET meeting.

Mr. Mynarski was asked to set up and oversee the Town's accounting for these grants and their review by the Town's auditor, McGladrey, for the State Single Audit process required after each project is completed. Other points raised included the Town's period of liability for the full amount of the grant for ten years after project completion, state contracting requirements for the non-profit entity, and insurance and environmental testing and indemnification requirements consistent with that required by the Town for its projects.

Upon a motion by Mr. Ramer, seconded by Ms. Tarkington, the Committee voted 3-0-1 to approve the STEAP grant and appropriation and forward the application to the Board of Estimate and Taxation as a Non-Routine Application. (Abstain: Tarkington).

SE-2	First Selectman	Approval to Use
\$246,096	F501 57210	STEAP Funds – Greenwich YWCA

Ms. Bourgie, Mr. Lasalandra and Mr. Lucsky, as Representatives of the YWCA and its Domestic Abuse Program described the need for the STEAP grant and the timeline for implementation of the construction upon receipt of the funds. Ms. Bourgie noted that the three leaky roof sections, renovation of the children’s bathroom and security lighting were critical to fulfilling the mission of the Domestic Abuse Program. In asking about the implementation of the grant funds, the YWCA delegation commented that a request for project bids could be sought once the contracts were signed and the State approval was given; construction was expected to take three (3) weeks.

Similar to the Neighbor to Neighbor Agreement with the State (DECD), modification of language in the Agreement, oversight of the grant terms for the ten year period by the Community Development Commission Director, review of compliance with the Town’s insurance and environmental indemnification, the Single State Audit responsibility and YWCA attorney review would be needed. Ms. Kiernan noted the importance of both STEAP grants providing funding for capital purposes to local non-profits when other revenue streams were less robust and the demand for services was increasing.

Upon a motion by Ms. Kiernan, seconded by Ms. Tarkington, the Committee voted 4-0-0 to approve the STEAP Grant and appropriation subject to review by the Law Committee and forward the request to the Board of Estimate and Taxation as a Non-Routine Application.

HD-1	Health Department	Approval to Use
\$45,377	F4038 51300 & 57050	PHEP Grant

Ms. Baisley explained that this was the second payment of a 2-year grant that would fund a Part-time Emergency Preparedness Coordinator’s salary and Social Security. All funds would support emergency planning. Members of the Committee asked what the Town’s ongoing obligation to the Part-time employee would be after the funds were exhausted. Ms. Baisley responded that the position would expire with the funding.

Upon a motion by Ms. Tarkington, seconded by Mr. Ramer, the Committee voted 4-0-0 to approve the use of the grant and forward the application to the Board of Estimate and Taxation as a Routine Application.

HD-2	Health Department	Approval to Use
\$65,576	F4038 51300 & 57050	Public Act Grant

Ms. Baisley informed the Committee that the Per Capita allocation to the Town in support of its Health Department programs and staffing had been reduced by 6.2% for Fiscal Year 2017 by the RTM. The Department was requesting to use the Grant funds for temporary staff assigned to projects that included Environmental Education, Education Promotion, Emergency Preparedness and Laboratory Assistance.

Upon a motion by Ms. Tarkington, seconded by Mr. Ramer, the Committee voted 4-0-0 to approve the use of the grant and forward the

application to the Board of Estimate and Taxation as a Routine Application.

Old Business

None

New Business

- **Discussion – Draft of Budget Guidelines for Fiscal 2018** - Mr. Lash introduced the Budget Guidelines prepared during the summer with the assistance of Ms. Kiernan (representing one Democrat and one Republican). The objective of the early preparation was so that the BET could vote to adopt the Guidelines in October and TOG Departments could prepare their Departmental Budgets. Mr. Lash referred to May 2016 RTM amended reductions and proposed that Departments prepare their Budgets identifying what they would cut if necessary and describe its impact. Recognizing that contract negotiations were underway with the Teachers' Union and that some savings might result in healthcare benefit changes, Mr. Lash cautioned that the Budget could still have a shortfall of \$8 million.

Ms. Kiernan observed that this set of draft Guidelines had improved language that clarified the purpose of Guidelines, as well as two important asks of department heads to propose savings in operating budgets and improve the quality of the information in the 15-year capital plan. Ms. Kiernan noted that it was very early in the budget process with substantial information still outstanding such as the Fiscal Year 2016 Audit, the GEA contract, Healthcare decisions, and the Retirement System valuation. She noted that the process was a positive first step for coming together on Fiscal 2018 Budget Guidelines.

Ms. Tarkington thanked Ms. Kiernan and Mr. Lash for the progress made to frame the guidelines. She suggested that it built on what was accomplished and the talents of the management could support a lower increase in wages at 2.00%, which Mr. Geiger had opined was feasible with a reduction in personnel of 9 persons (an approximately 1/3 of 1% reduction), which should be feasible to accomplish with attrition over the next 9 months. She asked that details of employee cost of benefits be made available to each department to recognize the Town's full cost of compensation, and for them to recognize that the budget they present does not fully cover their department's employee costs. She recommended that the Departments implement out-of-the box ideas for implementing savings and proposed, as an example, that there be one collection window for tax payments, parking tickets and passes, and beaches passes, etc. and as another suggestion that there be one common Town credit card processor. In the hope of establishing Fiscal 2018's Mill Rate at 2%, Ms. Tarkington noted that savings of \$1.6 million would need to be identified. Ms. Tarkington proposed that capital appropriations be reduced to \$25 million similar to the capital maintenance budget in FY17, with an additional \$5 million for environmental or other special projects. She also pointed out that as of July 1, \$189 million of capital appropriations was unspent including Fiscal 2017 appropriations. Citing the Mill Rate increase for the past five years of 2.75%, with the exception of FY17 of 2.81%, Ms. Tarkington asked that Town elected leadership proactively control operations and limit operating cost increases to 1.5%, with the BET's focus to be on financial responsibilities.

Ms. Kiernan noted that the figure of \$189 million in backlog of capital projects was misleading. Ms. Kiernan noted that when she and Mr. Lash visited the DPW Commissioner during the summer, the outstanding projects were reviewed in detail. Ms. Seibert explained

that most of these projects were about to be completed. In addition, Ms. Seibert noted that delays, particularly in sewer projects, resulted largely from delays in state regulatory approvals and from the fact that such projects were intentionally designed in annual consecutive phases in order to fit into the Town's system of capital financing.

Mr. Ramer remarked that he differed with the draft Budget Guidelines, as follows: 1) he felt that a 2.5% increase in salaries was reasonable, rather than 2%; 2) he concurred that a 2% to 2.3% increase in the Town's operating cost was a target while still maintaining a 2.5% salary increase possibility; 3) he advocated for level services without laying off members of the existing employee workforce or cutting programs. He expressed concern that the Budget Guidelines were foreshadowing January/February conversation about reducing workforce whereas cost savings could be made by eliminating inefficient services. Mr. Ramer calculated the Guidelines would have the impact of needing to lay off 50 people to attain a 2.75% Mill Rate or 110 people to cut \$20 million from the Fiscal 2018 Budget to produce a 0% operating cost increase. Mr. Ramer suggested that the Capital Improvement Plan scoring process be reviewed so that projects are prioritized more effectively.

Mr. Lash invited members of the BET who were present to comment on the Budget Guidelines being considered by the Budget Committee.

Mr. Blankley offered suggestions that could contribute cost-efficiencies: 1) a review and possible elimination of legacy employment positions; 2) further consideration of combining the Tax Collector and Assessor's Offices; 3) modernizing collection procedures from beach passes to tax collection; 4) institute credit card processing wherever possible to speed transactions and spoke in support of the collections procedures and processing comments made by Ms. Tarkington. Additionally, he encouraged consideration of restructuring the CIP Committee and proposed bringing the prioritizing scoring system to the BOE and Department heads so that ranking would be reflective of their professional opinion and experience.

Ms. Kiernan commented that the refinements contributed to the discussion added value. Mr. Lash suggested reducing the size of maintenance expenditures by making Departments compete for funding as Capital improvements.

Ms. Tarkington recommended better discipline in wrapping up unfinished projects so that encumbered funds could be released to the new Budget. She suggested focusing on a 1.5% (prior to employee benefits) overall increase for both the BOE and Town of Greenwich budgets.

Mr. Lash remarked that reinstating the tradition of construction contractors delivering a fifteen-year maintenance plan at project conclusion would help assist medium and long term planning. He reiterated that there was a gap of \$8.5 million to balance a Budget with a 2.75% Mill Rate increase.

Ms. Weissler suggested that to draft cost savings, a multi-year plan of improvements was needed. She proposed that the Town hire an outside consultant to look holistically at its infrastructure and buildings, as the BOE had recently done. Expressing concern about the School Lunch Fund, she asked that outsourcing of food service be reconsidered. She added that TOG's debt policy needed further discussion.

Mr. Mason cautioned against allowing the Budget Guideline to set policy before Union

negotiations were concluded. Noting the State's financial circumstances, he expressed concern about its future contributions to Town revenues, a possible drop in local tax revenue and the prospect of the RTM Budget Oversight Committee imposing cuts. Mr. Lash concurred with Mr. Mason on the possibility of revenue loss and restated that the BET should be the financier and that the BOE, Selectmen's Office and Heads of Departments be responsible for identifying how to meet the projected \$9 to \$11 million budget gap. Structurally reducing head count and services needed to be seriously considered.

First Selectman Tesei expressed appreciation for the BET's work on the Guidelines but clarified several points: 1) Departments needed to hear a strong and measured message about budgeting; 2) signaling structural change through workforce and service reductions would support the budget dialogue; 3) launching a new Fall resident satisfaction survey could further validate how the Town serves the public in the future.

Approval of BET Budget Committee Meeting Minutes

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

Adjournment

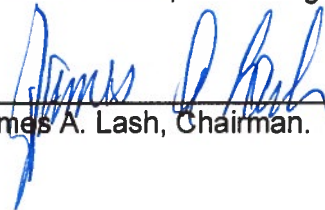
The Committee voted unanimously to adjourn at 8:06 P.M.

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

Respectfully submitted,



Catherine Sidor, Recording Secretary



James A. Lash, Chairman.