

BOARD OF ESTIMATE AND TAXATION
Audit Committee Minutes
Wednesday, November 10, 2010 - 8:00 A.M.
Gisborne Conference Room

Present:

Committee: Arthur Norton, Chairman
Joseph Pellegrino, Jeff Ramer

Attendees: Peter Mynarski, Comptroller; Ron Lalli, Special Projects
Coordinator; Ted Gwartney, Assessor; William Marr, Building
Official; Susan Chipouras, Director of Facilities BOE; Gina
Williams, Assistant Director of Human Resources BOE; Dr.
Robert Lichtenfeld, Managing Director of Operations BOE

Others: Leslie Tarkington, BET Member

The meeting was called to order at 8:05 A.M.

1. Approve Minutes for October 14, 2010 Audit Committee Meeting

Upon a motion by Mr. Ramer, seconded by Mr. Pellegrino, the Committee voted 3 - 0 to approve the October 14, 2010 Minutes.

2. Risk Manager Report:
Engineering Reports
BOE Responses

Ms. Chipouras discussed issues brought to light by last year's Engineering Reports performed by Frenkel & Co. at Western Middle School. She stated that a safety committee has been reactivated. It is currently working on an overall Safety Plan to address such issues as hot works, permits, contractors, etc. Ms. Chipouras has also requested a copy of a Fire Protection Impairment Equipment booklet from Frenkel.

Ms. Chipouras added that the BOE has hired a new contractor for fire alarm testing and maintenance which will be meeting next week to review their findings.

Mr. Norton asked for the BOE's response to the Eastern Middle School's report which Ms. Chipouras stated will be sent to the Committee. She continued that the BOE is reviewing the cost benefit of the Sprinkler System Plan Review and the upgrading of electrical systems in Town schools. Currently Western Middle School electrical system upgrade is in the BOE Budget. Ms. Chipouras expressed the need for this upgrade due to additional requirements of computers in classrooms. Mr. Norton noted that a sprinkler system might be cost prohibitive while Ms. Chipouras mentioned the possible retro-fitting issues within older schools to address this issue.

Mr. Norton expressed his concern in fire prevention and added that CIRMA reports for Eastern Middle School and Greenwich High School were done last year.

Ms. Chipouras stated that the Glenville and Hamilton Avenue reports will be forthcoming since she had just received them electronically the previous evening.

Mr. Ramer raised the question of possible conversation between Mr. Warzoha, Emergency Management Director, and the BOE in relation to the BOE's participation and/or vulnerability in an unforeseen event. Ms. Chipouras stated that she had not but has pursued the topic of flooding and backup issues in Old Greenwich but agreed that a discussion should take place regarding shelters and generators.

Ms. Chipouras stated that she has spoken to CIRMA regarding training classes to possibly lower workers compensation claims from repetitive injuries with no cost to the Town.

Tools for Schools Report

Mr. Mynarski informed the Committee that a thirty-minute walk through was performed by Mr. Lalli, Mr. Ken West, BOE Building Construction and Maintenance Supervisor, Mr. Marc D'Amico, Principal of Glenville School and himself the previous week. Two issues were raised: the maintenance of two courtyards with access only through the school and the removal of a downed tree, a result of the March 2010 storm. In regard to the tree it has since been removed but brought to light some issues with work orders through Parks and Recreation.

Ms. Chipouras noted that some areas in Town are still unassigned such as school courtyards as to whether they fall under the responsibility of Public Works, BOE or Parks and Recreation. A discussion followed with Mr. Lalli highlighting an identical situation at the North Mianus School where Parks and Recreation gardeners service the courtyard and must access the area through the school building. Mr. Lalli noted that P&R is currently considering the possibility of turning over the maintenance of the Glenville courtyard to the custodial crew at Glenville. He noted that since this involves assigned Teamster work that the Teamsters would have to be consulted before a switch can be made.

Mr. Lalli continued the agenda item noting that at the North Mianus School a window had been penetrated creating a water leak in the Media Room affecting the carpet. An issue of moss accumulating on the north side of the brick was also brought to Ms. Chipouras attention. Ms. Chipouras informed the Committee that the school custodian has been instructed to regularly clean the gutter to prevent excess water from washing down the side of the building. She also noted that it was her distinct understanding that moss is not a serious issue but she wanted to consult with the BOE's environmental expert with the objective of receiving a direct communication on the issue.

At this time Mr. Mynarski asked to return to Engineering Reports agenda item stating that the Public Safety Facility Report and responses are completed and will be sent to the Committee.

CIRMA Work Place Safety Assessment Study Update

Mr. Mynarski stated that he has met with CIRMA officials to discuss their process. The study will be comprised of four teams working for approximately eight weeks. The first step will be for individual interviews with each and every department head to sit and examine safety work-set. Mr. Mynarski expects the draft of this report for presentation to the Audit Committee in January 2011 with the final report in February 2011. He expressed his belief that the cost of this report outweighs the cost of possible claims and that the last time this process was performed was five years ago.

Cost Allocation Model Report

Mr. Mynarski distributed a shell of the Cost Allocation Model for the Committees examination. He noted that eventually this model will reveal losses at libraries, Police,

BOE, Sewer Plant, etc showing the actual costs for workers compensation for each part of the Town government and BOE. He continued that with this data the Town will be able to see where these costs are occurring and examine how to prevent claims.

Ms. Chipouras added that it will also show in-direct costs associated with workers comprehensive claims such as overtime. Mr. Norton agreed that the model will reveal the actual expenses of workers compensation. Dr. Freund questioned whether the model will show comparative data from other Towns with Mr. Mynarski replying that the Town's results will be benchmarked against four other towns such as Westport.

Mr. Ramer thanked the BOE attendees for their cooperation and participation in the discussion.

Ms. Chipouras, Ms. Williams and Dr. Freund left the meeting at 8:51 A.M.

3. Internal Auditor Report

OFS Management Review Report MVR

The report was previously distributed to Committee members for review a few days earlier.

Mr. Norton asked for Mr. Lalli to address a couple items in the report such as the increase in the number of Town employees driving Town vehicles after the release of this report. Mr. Lalli stated that once the Can Drive List is understood by Town employees he anticipates more will be added to the current total of 731 (seven hundred thirty one).

Mr. Norton questioned the target date of January 1, 2011 for the HR Vehicle Use Policy. Mr. Lalli stated that he anticipates this date will be met.

Mr. Lalli explained how New York State's policy regarding suspensions is more liberal than Connecticut. He explained that a license can be suspended for in New York less egregious violations, such as failure to pay parking tickets. He explained that the threshold for suspension in Connecticut is higher, with the usual cause of suspension from serious DUI convictions. He stated that the policy would have to address the type of suspensions that an employee incurred

Mr. Lalli distributed a letter to be sent to employees who have had their licenses suspended in the past, while employees of the Town, but have since had them reinstated which will be placed in their HR files. Mr. Pellegrino expressed his disappointment in the purpose and content of the letter questioning its power. He continued that the letter itself should state that it will be saved in the employee's file.

Mr. Lalli articulated HR and the First Selectman's approval of the policy and the development of a list of drivers that have been cleared to drive in Town business. He stated that the project's goal was to reduced risk. The members all agreed with this assessment. He continued by asking the Committee to approve his report for presentation to the full BET.

Upon a motion by Mr. Ramer, seconded by Mr. Pellegrino, the Committee voted 3 – 0 to accept and approve the Management Review of Motor Vehicle records for Town Employees

Pending Audits

Mr. Lalli reported that he had concluded the audit of the on going financial decision to outsource the management of the Fleet Department's Parts Room as well as parts cost paid by the Town. He stated that currently the Parts Department purchases through a NAPA network outsourced vendor that manages the Parts Room approved vendor. After his review Mr. Lalli concluded that the arrangement with the vendor is beneficial to the Town and estimated that benefit to be conservatively \$125,000 (one hundred twenty five thousand dollar) per annum. He also stated that there are many intangible benefits having the expertise of the outsourced vendor present at the Fleet Department. Mr. Lalli ended the topic by saying he will be issuing the report to the Audit Committee in November for potential review at the December meeting.

Mr. Lalli explained that he will not be proceeding with an analysis of the cost benefit calculations for outsourcing the entire Fleet Department. He stated that this analysis would best be conducted by the current Fleet Director. He also stated his current workload for the Selectman's Office would preclude him from conducting such a review.

Mr. Lalli continued that the audit of the Purchasing Department has also been put on hold due to his workload. He noted that he would have the time to participate in the physical inventories at the Marinas a method of following up for the Committee for the review he performed during the 09-10 winter season.

4. Discussion Town Assessor and Building Department Building Value Estimates and Final Assessment

Mr. Norton welcomed Mr. Marr and Mr. Gwartney to the meeting and explained the Committee's request to review operational plans. He expressed the Committee's concern regarding the differentials between valuations and final assessments of resident properties.

Mr. Ramer asked for a revenue stream and a general explanation of the process each department uses to assess building permit fees and tax assessments.

Mr. Marr explained how the Building Department's permit fee process works and how a log of cost per square foot is maintained. Houses are divided into groups by square foot size of the dwelling. He reminded the Committee that the Building Department works from floor plans which do not show finishes, trims or the final outcome. He added that revisions are submitted and on site reviews do take place at the time of C.O. (Certificate of Occupancy).

Mr. Gwartney then described the process used by the Assessor to determine taxes. All new construction and renovations have a physical review. Many times during the building process sites are revisited to keep a continual review of the job.

As the discussion continued, it became apparent the different methodology used by each department. The Assessor values what the fair market value of the work while the Building Department bases its permit fee on the fair market construction cost.

Mr. Marr stated that the code of the Building Department is to maintain fees that are based on construction costs and the cost to support the Building Department, not necessarily revenue. Ultimately, the Building Department operates at no cost to the Town.

Mr. Ramer recommended that the Building Department request a copy of the approved bid, accepted by the homeowner, on renovations for a more accurate evaluation of work being performed.

Ms. Tarkington voiced two concerns she has heard from the residents: extremely modest increase in permit fees in relation to higher increased Town fees and possible existence of a two tier system in the Building Department, with residents paying higher permit fees than contractors. Mr. Marr denied any such two tier system.

Mr. Pellegrino asked for recommendations from the two department heads. Mr. Marr offered improved job monitoring before issuance of C.O. to improve accuracy of permit fees. Mr. Gwartney explained the formula builders tend to follow: 25% cost of land, 25% soft costs such as insurance, etc, 25% cost of building and supplies and finally 25% profit. His model explains the vast difference in values.

After a group discussion the Committee made three suggestions: 1. The Building Department should see the contract between homeowner and contractor. 2. Focus on increasing revenue source. 3. A continued dialogue between Mr. Gwartney and Mr. Marr to enable a constant updating between departments, in relation to any gaps between assessment values and construction costs.

Mr. Norton questioned the success of City View. Mr. Marr expressed his concern saying that it is not able to compute their fees. He stated that currently they are running their current systems parallel to City View. Mr. Marr said it could be a vendor or IT issue.

Mr. Pellegrino asked for continued communication between departments and requested fee levels to be correct being sure to collect all costs. Mr. Marr offered to possibly review Assessor results prior to the issuance of C.O.s.

Mr. Gwartney and Mr. Marr left the meeting at 9:55.

Upon a motion by Mr. Pellegrino, seconded by Mr. Ramer, the Committee voted 3 – 0 to take agenda item #7, Items for Discussion Future BET Audit Committee Meetings Town leases and sub lease provisions, out of order.

7. Items for Discussion future BET Audit Committee Meetings Town leases and sub lease provisions

Mr. Pellegrino asked if a Town policy exists in relation to this issue. Currently it appears that the Greenwich Arts Council is sub leasing from the Senior Center in the old Town Hall Building on Greenwich Avenue. Mr. Mynarski noted that the Senior Center has arrangements with two other groups which also use space in the building. Mr. Ramer recommended a review of any prohibition on sub leasing in the Town. Mr. Pellegrino advised to first look at the current Senior Center lease, which he directed to Mr. Mynarski.

5. Fiscal 2010 Audit Report

Mr. Mynarski said that the Audit is progressing and that he is currently waiting for the Legal letter from the Law department. He added that the old MUNIS comment has been satisfied but another has taken its place, MUNIS Module for Assessment Collector does not work, and that Vanessa Rossitto, Partner Blum and Shapiro will be here next month.

Mr. Mynarski stated that an RFP has been created to replace the module and to use Quality Data to which Mr. Gwartney and Mr. Laudonia, Tax Collector have agreed. They have not received support from Mr. Hutorin, Director of IT.

Mr. Mynarski concluded by saying that a draft of the report will be ready in three weeks.

6. Old Business Item Review

Not discussed.

8. Adjournment

Upon a motion by Mr. Ramer, seconded by Mr. Pellegrino, the Committee voted 4 - 0 to adjourn the meeting at 10:08 A.M.



Arthur D. Norton, BET/Audit Committee Chairman



Elaine JV Brown, Recording Secretary