



MINUTES of the regular meeting of the Board of Estimate and Taxation held on Monday, November 15, 2010 in the Town Hall Meeting Room, Greenwich, CT.

Chairman Stephen Walko called the meeting to order at 6:31 P.M., after which the members pledged allegiance to the flag.

Board members in attendance:

Stephen G. Walko, Chairman
Jim Campbell, Vice Chairman
Joseph L. Pellegrino, Clerk
Nancy E. Barton
William R. Finger
Randall Huffman
Michael S. Mason
Arthur D. Norton
Jeffrey S. Ramer
Laurence B. Simon
Leslie L. Tarkington

Absent: William G. Kelly

Selectmen: Peter Tesei, First Selectman; Drew Marzullo; David Theis

Staff: Peter Mynarski, Comptroller; Roland Gieger, Budget Director; Ted Gwartney, Assessor; Robert Shipman, Assistant Assessor; John Crary, Town Administrator; Jim Lavin, Retirement Plans Administrator; Amy Siebert, Commissioner; David Thompson, Deputy Commissioner, DPW; Robert Kick, Assistant Fire Chief; Rick Strain, Chief, Round Hill Fire Dept.

Other: Stephen Warzoha; Ed Dadakis; Bob Brady

Public Hearing: Method of Electing Members of the BET

Mr. Walko called the Public Hearing session to order at 6:32 P.M.

Stephen Warzoha, RTM District 9, Vice-Chairman Budget Overview Committee – Shared comments on residents' concerns regarding the Town's budget and tax increases. Requested a re-examination of the election process, to open elections for all members of the BET.

Ed Dadakis, RTM District 1 - Shared comments on accountability. Is in favor of a competitive election, and to allow the voters to decide by putting it on the ballot in a referendum.

Bob Brady, RTM District 5, Chairman Education Committee – Shared comments on the BET and BOE election processes, Town governance. Not in favor of changing the current process.

Mr. Tesei, First Selectman – Shared comments on the Town Charter requirements and changes, the election process and limited choices, the BET authority and control. Is in favor of a competitive election and used Fairfield, CT as an example.

Drew Marzullo, Selectman – Shared comments on intra-party elections, general elections, and accountability. Not in favor of a Charter amendment. Does not want to see partisan majority rule.

Mr. Walko stated that if there is a motion to change the current election process, the BET will discuss it in December. A change to the election process would require a Charter change, which would require RTM approval and a referendum.

Upon a motion by Mr. Ramer, seconded by Mr. Pellegrino, the Board voted 11-0-0 to close the Public Hearing session at 6:53 P.M.

NON-ROUTINE APPLICATIONS

PW-7 DPW – Release of Conditions \$370,000.00

Release of Conditions:

\$370,000.00 to B312-59600-11123 Hearthstone Drive Sidewalk

Mr. Thompson gave a brief presentation of the plan to address the Hearthstone Drive mailbox kiosk. Mr. Thompson provided documentation regarding the neighborhood's commitment to maintain the mailboxes, stand, and plantings on the island. A brief discussion followed regarding the start time for the project, notification, and maintenance.

Upon a motion by Mr. Mason, seconded by Mr. Simon, the Board voted 11-0-0 to approve the application.

SE-6 First Selectman – Additional Appropriation

Additional Appropriation:

\$ XXXX to P935-57350 Settlement: Gail v. TOG
\$ XXXX from Risk Fund Balance

This application was withdrawn.

SE-7 First Selectman – Additional Appropriation

Additional Appropriation:

\$ XXXX to P935-57350 Settlement: Catalano v. TOG
\$ XXXX from Risk Fund Balance

This application was withdrawn.

SE-8 First Selectman – Additional Appropriation \$5,000.00

Additional Appropriation:

\$5,000.00 to P935-57350 Settlement: Boata v. BOE
\$5,000.00 from Risk Fund Balance

Ms. Barton explained that this is a routine litigation settlement arising from an employment dispute.

Upon a motion by Ms. Barton, seconded by Mr. Campbell, the Board voted 11-0-0 to approve the application.

RF-3 Retirement Board – Contract Approval

Mr. Lavin explained that the retirement Board wishes to amend the current contract with State Street Global Advisors in order to add another index fund. a portion of the funding for the new index would come from the current investment in Buckhead Capital Management, LLC which is being terminated. Mr. Lavin stated that the Retirement Board will adopt a Resolution and will delegate its' Chairman to sign the revised contract. A discussion followed regarding documentation approval.

Upon a motion by Mr. Pellegrino, seconded by Mr. Simon, the Board voted 11-0-0 to approve the amendment to the contract.

PW-8 DPW – Transfer \$92,000

Transfer:

\$92,000.00 to A312-51010 Regular Salaries
\$92,000.00 from A901-57960 Salary Adjustment Account

Mr. Campbell stated that due to the 2009 staff reductions, the Traffic Operations function absorption, the asset management implementation, and current staff vacancies, the DPW has reviewed and seeks to reorganize the Highway Division. Under the proposed reorganization, an open Highway Foreman position will become a Traffic Operations and Maintenance Supervisor position; three open Laborer positions will be filled; two Highway Signs and Lines Technicians positions will be filled; and a new position of Highway Asset Engineer will be created from the Highway Traffic Operations Assistant position. Under the reorganization, the T.O.O. for the Highway Division will not increase, it will remain constant at 67 positions, provided that the Department does not fill a vacant position and deletes such position from its' budget submission for the next fiscal year.

Mr. Campbell explained that this request is to release funds set aside at the start of the fiscal year for three unfilled highway positions: one Laborer; one Foreman; and one Mechanic. Under the reorganization plan, these funds would be used to fund the salaries for the unfilled Laborer position, along with the upgraded positions of the Traffic O&M Supervisor and Highway Asset Engineer, for the remainder of this fiscal year.

Upon a motion by Mr. Campbell, seconded by Mr. Simon, the Board voted 11-0-0 to approve the application.

FD-1 Fire Department – Additional Appropriation \$260,000.00

Upon a motion by Ms. Tarkington, seconded by Mr. Norton, the Board voted 11-0-0 to take up this non-agenda item.

A brief discussion followed regarding the timing of the request.

Additional Appropriation:

\$260,000.00	to	Z206-59120	Fire Apparatus
\$260,000.00	from		Capital Non Recurring Fund

Mr. Kick explained that Cos Cob's replacement for Engine 21, approved in the current budget, will be replaced with a water Tanker truck instead, allowing a savings of approximately \$220,000. The savings from this substitution would be used to supplement the purchase of a Pumper to replace Round Hill's 1992 model. By purchasing a 2009 model the Department will save approximately \$10,000 and at the same time be able to order a Pumper that is shorter in length than would be the case if the order is delayed and the Department has to purchase a 2010 model. Mr. Kick stated that the shorter size for the 2009 model is an advantage for increased maneuverability on the narrow back country roads and driveways served by the Round Hill station.

A discussion followed regarding ownership, maintenance and insurance of Fire apparatus, the timing of the purchase, budgetary impact, EPA standards and limitations due to the size of the apparatus.

Upon a motion by Mr. Mason, seconded by Mr. Simon, the Board voted 10-1-0 (Ms. Barton opposed) to approve the application.

ROUTINE APPLICATIONS

CC-1 Conservation – Additional Appropriation \$30,000.00

Additional Appropriation:

\$30,000.00	to	F172-51440	Consulting
\$30,000.00	from		Fund Balance

Mr. Walko noted that this is an equal receipt of funds from the State of Connecticut Commission on Culture and Tourism.

Upon a motion by Mr. Pellegrino, seconded by Mr. Mason, the Board voted 11-0-0 to approve the application.

HD-3 Health Department – Approval to Use \$73,085.66

Approval to Use:

\$32,500.00	to	F403-51300	Part-time Payroll
\$12,572.00	to	F403-51490	Professional Svs. NOC
\$10,000.00	to	F403-52010	Advertising
\$ 4,000.00	to	F403-53010	Office Supplies
\$ 4,827.41	to	F403-53250	Medical, Surg., Lab Supplies
\$ 2,500.00	to	F403-54150	Maint. Furn., Fixt., Off. Equip.
\$ 4,200.00	to	F403-54200	Maint. Mach., Tools, Inst.
\$ 2,486.25	to	F403-57050	Benefits

\$73,085.66 from Per Capita Grant

Upon a motion by Mr. Pellegrino, seconded by Mr. Mason, the Board voted 11-0-0 to approve the application.

SE-5 First Selectman – Funding for P/T Sec. Support \$4,999.00

Funding:

\$ 4,999.00	to	A105-51300	Temp. Salaries
\$ 4,999.00	from	A999-57140	Contingency

Upon a motion by Mr. Pellegrino, seconded by Mr. Mason, the Board voted 11-0-0 to approve the application.

ASSESSOR'S REPORT

Mr. Gwartney presented the Assessor's Report to the Board and stated that all of the work on the Grand List 2010 revaluation has been completed. Notices of assessment change will be sent to all real property owners this week. The quality of the assessment has surpassed the requirements of the State of CT. The net effect of all the value changes is that the Grand List will decrease by 11.6% from the 2009-2010 year.

In response to Mr. Walko, Mr. Gwartney stated that the Grand List has decreased 7.6% from the last revaluation in 2005. In response to Mr. Finger, Mr. Gwartney stated that residential property without any changes to it has dropped approximately 13% from 2009 to 2010 and 9% from 2005.

A discussion followed regarding the Motor Vehicle Grand List, use of a temporary appraiser, public information, the methodology and models used.

The Tax Assessor's Revaluation public presentation will be on Monday, November 29, 2010 at 7:00 P.M. at the Greenwich Library Cole Auditorium.

The Board voted 11-0-0 to accept the Assessor's Report.

Approval of the Assessor 2011-2012 Budget and Operational Plan

Upon a motion by Mr. Pellegrino, seconded by Mr. Simon, the Board voted 11-0-0 to take this item out of order.

Mr. Walko stated that this item was not brought before the Budget Committee due to Mr. Gwartney's absence and that the BET is the appointing authority to the Assessor's Office.

Upon a motion by Mr. Pellegrino, seconded by Mr. Ramer, the Board voted 11-0-0 to approve the Assessor 2011-2012 Budget and Operational Plan.

COMPTROLLER'S REPORT

Mr. Mynarski presented the Comptroller's Report to the Board and gave an overview of Lease Accounting Inventory. Seventeen leases will be sent to the BET for review and comment, prior to RTM review. Mr. Mynarski also announced that the Treasurer, Kathleen Murphy will be awarded the Manager of the Year on November 17, 2010 at the Town of Greenwich Employee Recognition Ceremony.

A brief discussion followed regarding employee motor vehicle licenses while driving Town vehicles and the proposed Human Resources Study RFP, which will be presented to the Board for approval in December.

Upon a motion by Mr. Norton, seconded by Mr. Pellegrino, the Board voted 11-0-0 to accept the Comptroller's report.

ACCEPTANCE OF TREASURER'S REPORT SHOWING INVESTMENT PORTFOLIO ACTIVITY FOR THE PERIOD OF October 1, 2010 – October 31, 2010

Upon a motion by Mr. Finger, seconded by Mr. Norton, the Board voted 11-0-0 to accept the Treasurer's Report.

BET Standing Committee Reports

Investment Advisory Committee Report

Mr. Norton stated that there will be a Q&A session in the Cone Room at 10:00 A.M. on November 30th regarding the RFP for the 401k Plan that was posted on November 10th. The return date for this RFP is December 21st.

Law Committee Report

Ms. Barton stated that the Law Committee voted 2-0 on November 5, 2010 to approve the contract between the Retirement Board and Stone Harbor and the contract between the Retirement Board and NEPC as to legal form. The BET previously approved on October 18, 2010, these contracts subject to review and approval by the Law Committee.

BET Liaison Reports

BET Special Project Team Reports

CHAIRMAN'S REPORT

Mr. Walko stated that the 2011-2012 Budget cycle is underway. The Superintendent presented his proposed budget to the Board of Education on November 9, 2010 and the Board of Education has approved the Capital Budget of approximately \$38,000,000, with \$28,800,000 of that going towards the MISA project.

Mr. Walko commented that during this past month the CIP held a Public Hearing and except for two individuals, the participants who spoke were in favor of appropriating capital for specific projects. This was just a few days after the RTM voted overwhelmingly for a Sense of the Meeting Resolution to slow the rate of growth in tax increases.

Mr. Walko reported that the Assessor held a Public Hearing at which less than 15 citizens took part and encouraged all the BET members to attend the Assessor's public meeting on November 29, 2010.

Mr. Walko spoke before the Rotary Club regarding the Budget for 2011-2012, and the Draft Guidelines.

Finally, Mr. Walko congratulated Kathleen Murphy on her award as Manager of the Year.

OLD BUSINESS

NEW BUSINESS

Approval of BET Meeting Calendar

Upon a motion by Mr. Mason, seconded by Mr. Pellegrino, the Board voted 11-0-0 to approve the BET/Budget Committee Schedule for 2011.

Approval of Finance 2011-2012 Budget and Operational Plan

Mr. Walko commented that the Comptroller and Assessor evaluations will come before the Board in December or January. Ms. Tarkington commended Mr. Mynarski for producing an excellent plan, noting the work and time involved.

Upon a motion by Mr. Mason, seconded by Mr. Simon, the Board voted 11-0-0 to approve the Finance 2011-2012 Budget and Operational Plan.

Approval of OPEB Assumptions - Resolution for Acceptance of Recommended OPEB Trust Actuarial Assumptions

RESOLVED, that the OPEB Actuarial Report use an asset smoothing corridor range between 70% and 130%, effective July 1, 2010 for fiscal year 2011-2012 funding, between 75% and 125%, effective July 1, 2011 for fiscal year 2012-2013 funding and between 80% and 120%, effective July 1, 2012 for the fiscal year 2013-2014 funding and remain between 80% and 120% thereafter.

FURTHER RESOLVED, that the OPEB Actuarial Report utilize a five year smoothing methodology of recognizing gains and losses. This change will be effective July 1, 2010.

FURTHER RESOLVED, that the OPEB Actuarial Report amortize the Unfunded Accrued Liability using a declining amortization period. For fiscal year 2011-2012 effective July 1, 2010 the period will be thirty (30) years, declining one year in each succeeding year until it reaches 15 years and will then remain at 15 years.

Mr. Mason stated that the Resolution mirrors the Retirement Plan's assumptions

Mr. Simon stated that this will be the third year in which an OPEB Actuarial Report was produced for the Trust and each year we try to improve the accuracy of the assumptions and thereby the report itself. This year we saw that we didn't have an asset smoothing corridor, a five-year smoothing of recognized gains and losses, and an amortization period. In order to have an actuarial report that we are willing to fund, it's helpful to have similar assumptions between the defined benefit plan and OPEB Report, which is why these three changes were recommended to be approved by the BET prior to the Actuarial Report being produced next month.

Upon a motion by Mr. Mason, seconded by Mr. Simon, the Board voted 11-0-0 to approve the Resolution for Acceptance of Recommended OPEB Trust Actuarial Assumptions.

Approval of Budget Guidelines FY 2011-2012

Mr. Walko gave an overview of the Budget Guidelines approval process.

Discussion regarding the Introduction

Ms. Barton made comments regarding her opposition to setting what appears to be the tax levy, which she feels may be used against those who try to make changes in May. Ms. Barton also stated that these guidelines are just guidelines, they are for the benefit of the departments and the appointing authorities, and they do not bind any member of the BET come May from setting an appropriate tax levy and the mill rate accordingly. Mr. Walko commented that while 2.9% does not bind the members of the BET, it certainly forecasts where there is an expectation, and these guidelines absolutely do that. Mr. Campbell commented that it is very important that there is a targeted tax increase number and that it be less than 3%, in response to the economic reality of this Town and to its taxpayers. Ms. Tarkington made comments about the budget gaps.

- 1) Upon a motion by Ms. Barton, seconded by Mr. Ramer, the Board voted 11-0-0 to approve the following change:

pp. 1

Third paragraph, to replace the word "projection" with the word "model"

- 2) Upon a motion by Ms. Barton, seconded by Mr. Ramer, the Board voted 4-7-0 (Mr. Campbell, Mr. Norton, Mr. Mason, Mr. Pellegrino, Mr. Simon, Ms. Tarkington, Mr. Walko opposed) to oppose the following changes:

pp. 1

Third paragraph, to eliminate the parenthetical reference to the Fire Department staffing

Discussion regarding Guidelines and Guidance from BET

Comments were shared regarding the impact of labor contracts on next year's and future budgets. Various suggestions were made regarding the language of this section and elimination of the contingency fund was discussed.

- 3) Upon a motion by Ms. Barton, seconded by Mr. Finger, the Board voted 3-8-0 (Mr. Campbell, Mr. Huffman, Mr. Mr. Norton, Mr. Mason, Mr. Pellegrino, Mr. Simon, Ms. Tarkington, Mr. Walko opposed) to oppose the following change:

pp.2

First paragraph, second sentence to change the phrase from "will ease pressure on future budget increases" to "will ease pressure on the budget."

Spending Level and FY12 Budget Development

Spending Guidelines

Specific Department Issues

Discussion regarding Capital

Mr. Campbell commented that we are all the beneficiaries of not being saddled with long term debt from previous generations, so there is no unfairness regarding seniors. We are better served by paying for projects on a more timely basis and not getting in to a lot of long term debt for all of our projects.

Mr. Simon commented that we should only undertake those projects which we are willing to pay for and not burden others. One of the things you get out of the capital investments that we make is giving that gift to the people that move to the Town, they have greater amenities and they have no debt to pay for it, and that is reflected in your property values. And it's a gift that you give to the future generations.

Mr. Huffman commented that we have suffered the consequences of having failed to make the capital investments that we should have been making in the past. In the past, we have not made the prudent investments that we should have made, in an effort not to incur the costs that those would require if paid for with current revenues or short term borrowing. Short term borrowing, in this environment, does not make good economic sense. It would be prudent to go to project financing related to the expected life of the intended facilities, due to the borrowing costs and the payment structure, as well as financing at today's more favorable construction costs. We should try to maximize our ability to do the essential capital projects that we have before us.

- 4) Upon a motion by Mr. Huffman, seconded by Ms. Barton, the Board voted 2-9-0 (Mr. Campbell, Mr. Finger, Mr. Mr. Norton, Mr. Mason, Mr. Pellegrino, Mr. Ramer, Mr. Simon, Ms. Tarkington, Mr. Walko opposed) to oppose the following changes:

pp.5

Fifth paragraph, to be replaced with;

The BET has reviewed several financing models and will continue to prefer shorter term financing for most capital projects. The BET will, however, continue to explore other financing models, including longer term financing in this extremely low interest rate environment to achieve the best possible combination of funding choices for critical capital improvements without requiring tax increases in the next few years that are significantly higher than has been followed in past years. The BET is mindful that the failure in past years to fund essential capital maintenance and improvements has led to greater expenditures in subsequent years, often incurred on an emergency basis, and has deprived the Town's citizens of important public facilities which were needed. The BET also acknowledges the fundamental unfairness of requiring today's taxpayers, including senior citizens, to pay the total cost, over a short term, of major capital facilities which will serve the Town for thirty or more years into the future.

The BET feels strongly that pursuing a flexible financing model provides for the most prudent financial planning and will allow the development and completion of projects in the most cost effective manner. At the same time, the use of effective capital financing is not intended to encourage increases in operating costs, but rather to make the most effective use of tax resources and to reduce unnecessary future costs.

Ms. Barton made comments about her intention to adopt a middle ground regarding bonding and stated that every year the Budget Committee and the BET should review the financing alternatives available for the capital projects that are proposed and make the best judgment that it can.

Mr. Mason commented that the guidelines are not intended for the BET to tell the BET to do what should be routine. Mr. Mason explained that there may be a misunderstanding of the financing model and the BET made a decision to go from apportionment of taxes to a financing period of five years with an added two year period of BANs. So the BET has gone to modified pay as you go and has extended the borrowing terms. We are saying in the guidelines, to the departments, the First Selectman and the appointing authorities, our current financing model looks like this. The Town's problem in the Capital model is not the cash, but the capacity to do the projects.

Ms. Tarkington commented that this particular paragraph allows the Town to consider alternatives; such as explore the use of such financing for projects that generate revenue as in Nathaniel Witherell.

Mr. Walko noted that it is absolutely critical that the BET get out ahead of its guidelines and to set the tone as to the appropriate level of funding and the mechanism by which we finance these projects, relative to the work by the CIP Committee. There has been this level of modified pay as you go since 1938 and instills a level of fiscal discipline that has served this town well. There is no other known municipality that does not have long term debt that is in trouble, as opposed to several municipalities that have gone down this path and have incurred significant amounts of long term debt and are now in trouble.

- 5) Upon a motion by Ms. Barton, seconded by Mr. Ramer, the Board voted 3-8-0 (Mr. Campbell, Mr. Finger, Mr. Norton, Mr. Mason, Mr. Pellegrino, Mr. Simon, Ms. Tarkington, Mr. Walko opposed) to oppose the following changes:

pp.5

Fifth paragraph, amend to read as follows;

The BET has reviewed several capital financing models. These guidelines assume that the Town will continue to utilize the model that allows Bond Anticipation Notes (BAN) for up to two years followed by the issuance of five year bonds that will capitalize the project's cost once it is known. The BET will review other financing structures, including alternatives to level principal payments within the five year bond model, that best provide for the Town's needs. Continuing past practices, the BET will expense interest on the BANs rather than capitalize that interest. Past experience has shown that the five year financing model provides flexibility for the Town, leads to low overall interest cost and allows the Town to complete more capital projects at low cost. The Town will continue to use twenty year financing for sewer projects and will explore use of such financing for other major projects.

Discussion regarding Fixed Charges

- 6) Upon a motion by Ms. Barton, seconded by Mr. Finger, the Board voted 8-3-0 to approve the following changes:

pp. 6

First paragraph, second sentence, to replace "This increase is misleading because" with the word "Since"; replace the period after "FY12" with a comma; and delete "Therefore."

Guidelines as a whole

Upon a motion by Mr. Mason, seconded by Mr. Simon, the Board voted 9-2-0 (Ms. Barton, Mr. Huffman opposed) to approve the Budget Guidelines FY 2011-2012, as amended.

APPROVAL OF MINUTES

BET Regular Meeting, October 18, 2010

Upon a motion by Mr. Ramer, seconded by Mr. Simon, the Board voted 10-0-1 (Mr. Mason abstained) to approve the Regular Meeting Minutes of the BET from October 18, 2010.

ADJOURNMENT

There being no further business before the Board, the meeting was adjourned at 8:50 P.M.


Respectfully submitted,



Maria Bocchino, Recording Secretary



Joseph L. Pellegrino, Clerk of the Board



Stephen G. Walko, Chairman