

**Findings and Recommendations
Of the Capital Projects Study Committee**

July 12, 2023

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LWV CPSC Consensus Statement

I. INTRODUCTION

The Capital Projects Study Committee (CPSC) has worked since November 2021, framing areas of inquiry and conducting telephone or in-person interviews with appointed and elected officials and citizens. Discussions were intended to include a cross-section of officials and citizens but were not exhaustive. (Appendix A) They were at least one hour in length and conducted by three subgroups of the full Committee. Meeting notes of interviews were kept, and usually, interviews were reviewed and approved by the interviewee. Sample questions are included in Appendix B. CPSC members submitted their recommendations of key conclusions and subsequently discussed and framed their collective points into this report. Time was also spent in the Town’s financial records office. The Committee also reviewed a 1998 Greenwich LWV study, “Strengthening the Executive Branch of the Town Government to Improve Accountability and Coordination.”

The CPSC Co-Chairs very much appreciate the hard work and input of the committee:

Michael Bodson

Stephanie Cowie

Hillary Frisbie-Aponte

Becky Gillan

Katherine LoBalbo

Steve Munger

Barbara O’Neill, Co-Chair

Joe Ross

Larry Simon

Steve Waters, Co-Chair

John Winer

Appendix C- Committee members’ summary biographies

II. BACKGROUND AND SCOPE

On June 2, 2021, Annual Meeting of Greenwich LWV, the following motion was passed:

Capital Projects Study Committee: A motion was made to extend the time framework of the Capital Projects Study Committee. The study was to examine how the town decides to fund capital projects. The 2-year study was approved by the membership in 2019 but suspended due to COVID. The study extension was approved unanimously in 2021.

The scope of the project includes:

In as much as the Town is embarking on a sustained effort to rebuild its infrastructure in the upcoming 10-year period, the LWV Greenwich proposes a study of the process used to determine which projects will be selected, calendared, and funded. The study is to include but not be limited to:

- The planning process used by the BET (Board of Estimate and Taxation) and various proponents of the projects: First Selectman, BOE (Board of Education), Public Works, Parks and Recreation, and others
- Approval process: how it is done by the BET, Planning and Zoning and the various proponents; public awareness, public hearings, surveys
- Funding process: priority setting
- Relationship to POCD (Plan of Conservation and Development): how projects relate to the plan
- Transparency: awareness of the public during the planning, approval, and implementation
- Influence of state and federal proposals on the Town, including laws and regulations
- Oversight of the planned projects: role of various proponents in approvals, implementations, and result

NOTE: The study excludes recommendations for specific capital projects and development projects.

III. KEY OBSERVATIONS AND PRIMARY RECOMMENDATIONS

1. Create a More Strategic Vision for the Town

Observation: *The Town of Greenwich has a decentralized system of government with overlapping powers and no formal strategic vision or plan, making it challenging to prioritize capital projects on its \$1.5 billion wish list. The Committee’s review of Town budget documents since 1970 suggests that Town financial policies have resulted in consistent underfunding of school building maintenance and have deferred renewal of school and other facilities.*

Observation: *The Plan of Conservation and Development (POCD) is primarily a land-use plan that functions as an organizing document for some Town departments, but it is not detailed enough to be a real strategic vision or financial plan.*

Recommendation: **The First Selectman should work with Town leadership to create strategies and a financial plan to accomplish shared elements of the vision. Staff should codify and support key points and revise periodically based on community needs. Standards of accuracy, adherence to FOIA, and transparency should be established.**

2. Build a Financial Plan to Support the Strategic Vision

Observation: *Town capital priorities and criteria for project selection are unclear to the public and many participants in the capital and operating budget processes. Prioritization decisions are sometimes made in private entirely by the elected leadership of the political party which controls the BET. Currently, the Town Charter gives final authority to the BET and its chairperson, who has the tie-breaking vote, and to the RTM, which can reduce, but not increase, the BET proposed budget.*

Recommendation: **The First Selectman should convene a group to create a financial plan which supports the Town’s strategic vision. Knowledgeable and unaffiliated voters should be included, currently unrepresented in the Town government.**

3. Standardize and Improve the Town’s Capital and Financial Budgeting Model

Observation: *There is no agreed-upon Town financial model, so disputes occur regularly regarding the “real” facts and assumptions for critical items such as inflation, capital costs, and interest rates. (Refer to Appendix C “Capital Funding and Model Implications for more detail).*

Recommendation: **Create a standard financial model, maintained by Town Hall, with stated assumptions and requirements to aid decision-making. With an agreed financial model, elected officials could perform sensitivity analyses transparently.**

4. Enhance Processes for Capital Planning and Setting Priorities

***Observation:** Prioritization of projects is opaque to participants and the public, perhaps because our objectives and processes are not agreed on or transparent. Interviewees repeatedly stated that our prioritization process could improve.*

Recommendation: Department heads should create a standardized form for proposing capital projects to the Selectman (e.g., including scope, cost, and return on investment) for prioritizing and evaluating projects. The Selectman would use this information to create an integrated, fully vetted list of projects that could be prioritized and evaluated according to the stated criteria. Doing so would allow projects to be evaluated based on the same information and criteria.

5. Manage and Assess the Implementation of Town Capital Projects Thoroughly and Transparently

***Observation:** Project oversight is uneven and often missing. No single Town official or agency is responsible for ensuring that capital funds are spent with maximum efficiency. BOE capital projects require RTM-approved building committees to monitor costs, approve changes, and conduct post-project reviews. Importantly, project construction and design contingencies are not included consistently across Town departments and are not constantly updated. Also, detailed cost analysis is not consistently reviewed before change orders are approved, and scheduling with milestones is inconsistently applied for smaller projects. Greater care is required for cost escalation factors, especially in periods of higher inflation.*

Recommendation: All large town projects should engage an Owners Project Manager (OPM) for professional cost estimates at regular intervals, tracking of reimbursements, accountability of contract document deliverables, and documentation public transparency. In addition, each project should have a building committee comprised of Departmental Staff, and community volunteers reporting to the BET and RTM, similar to the BOE process.

6. Create A Funding Plan for Heightened Capital Needs

***Observation:** Greenwich is firm financially and has additional borrowing capacity; however, the timing for capital projects is constrained by our current funding policies.*

Recommendation: Determine the combination of policy changes, increases to the Capital Levy, and extension of borrowing terms that will accommodate heightened capital needs in the next five years.

7. Reduce the Budget Cycle Time

Observation: *Our Town's annual budget cycle starts earlier (September) and ends later (May) than comparable AAA-rated Connecticut towns, primarily due to duplicative time-consuming meeting requirements set by the BET and RTM. Other nearby towns have a shorter cycle as officials, committees, and sub-committees often meet to review capital requests.*

Recommendation: **The First Selectman should discuss how the budget process could be abbreviated.**

IV. IMPROVING THE CAPITAL PROCESS TO ADDRESS THE TOWN'S CAPITAL NEEDS

Town officials say that, for decades, the Town has underfunded maintenance for public buildings, e.g., for ADA requirements, air quality, and public safety, especially in the school system (Appendix E). Large capital projects move up and down in priority due to crises like mold, collapsing ceilings, shutdowns such as Central Middle School, or the drive of an exceptionally committed and effective lobbying effort. The sudden availability of private funds can change the prioritization of projects.

To create an effective plan, overall needs should be aggregated, involving all Town departments and BOE projects.

Fortunately, some future needs like pensions for Town employees are already being managed well, potentially freeing up cash for capital needs. (Teacher pensions are funded separately by the State of Connecticut.)

Representative Quote:

"Fortunately, the Town's current pension funding requirement has dropped sharply, assuming the stock market rebounds to 2021 levels. The pension plan gained \$125mm in 2021. Additionally, the assumed rate of return/discount rate assumption declined from 8.5% to 6%. This had a negative effect by dramatically increasing the annual pension contributions that had to be made. The plan is 93% funded on a cash basis and 83% actuarially funded as of June 30, 2021." (Town Leadership Finance)

Greenwich's capital processes have evolved and are complex. The Town Charter delegates capital project decisions to the BET, not the First Selectman or the RTM. Appendix G and H contain schematics of the many parties involved.

A. Create a More Strategic Vision for the Town

Many interviewees lamented the absence of a broader or over-arching framework when considering capital projects. An attempt to identify common themes and priorities could help decision-making even if there is no consensus. Elected and appointed officials should be involved in discussing elements of an overall vision, as should the RTM and the public. (Prioritization of projects would be aided by describing how projects fit into such a vision).

Implementation:

- 1. The First Selectman should convene Town and BOE leaders to define and document key elements of Greenwich's future in more detail than the POCD describes. The First Selectman or his designee would chair this standing committee.**
- 2. The vision should include input from the public and be updated periodically.**

B. Build a Financial Plan to Support the Strategic Vision

The state requires a Plan of Community Development (POCD, Appendix F) to receive state funding. The POCD expresses overall views but is not sufficiently detailed to be a planning document for implementing strategy. A more concrete plan with clear, consistent criteria can help assess how individual projects fit and compare. The Town's extended annual budget cycle tends to push participants into one-year decisions based on funds available, leaving many "longer-term" needs to be figured out in the future even while they are "slotted" into a 15-year Capital Improvement Plan. Meshing an effective plan with a vision of the Town's future, and implementing it well, will aid the Town's capital planning and budgeting processes and will help control tax rate increases.

Implementation:

- 1. Create a detailed strategic vision of Greenwich's infrastructure and a financial plan to implement the strategic vision and related capital decisions.**
- 2. Create consistent criteria to evaluate priorities and projects. Include content standards, and a checklist of requirements for presentations by all department chairs and BOE to Town bodies, BOS, BET, and RTM evaluating projects.**
- 3. Refresh the POCD as needed.**

Representative Quotes:

"Most would agree the current design of the CIP is not working. It was set up with mostly department heads ranking each other's projects. Fred Camillo and Ben Branyan are currently trying to change the process with representatives from the BOE, BET, and Town. They are looking to define the parameters for a long-term plan and what the Town can afford to fund. They will identify the variables – total amount, debt maturities, cash, etc. They are targeting this work to be complete for the fiscal 2022-3 budget cycle." (Elected Official BET)

"Implementing improved visibility and planning cannot be politicized. It must be collaborative and bipartisan with the FS (First Selectman), BET, BOE, and RTM involved.... The funding of capital projects and debt/term has become politicized depending on which party makes or supports a capital request. If capital and funding remain a political issue, we may not achieve the optimal outcome. We don't want to stratify and separate." (Elected Official)

"There is a need for capital planning over 5-10 years. Beyond ten years, accuracy is challenging. Routine maintenance should be set on a set schedule with replacement based on average life, e.g., 20 years for a roof." (Elected Official BET)

Westport: "Not satisfied with the Town's five-year budget. Every department has a five-year capital plan, but it is a long list. Public works, Parks & Rec, and the Town/downtown have the largest requests. The first year is 'fine,' but years 2-5 are like a wish list. The dollar estimates for projects in the out years are unreliable. Proposed to the administration a five-year plan with a detailed two-year outlook. For the two years, there should be clarity on the projects regarding timing, cost/bidding. Five years allows everyone to ensure that there is nothing big missing." (Westport, Chair, Board of Finance)

Fairfield: "The FS provides operating budget guidelines. The Capital Budget process is changing currently. There is no requirement for a Capital Budget in the Fairfield Charter. Fairfield is considering adding a

mandatory annual capital budget. Fairfield does have a 10-year Capital Plan. This 10-year capital plan and the process emanates from the First Selectman's office and includes the wishes of all departments and the BOE. The first few years are more accurate and adhere to the-debt limits/bonding capacity limits laid out by the BOF (Board of Finance). An issue with this 10-year waterfall plan is that project timing is not adhered to because emergency projects arise, projects are pushed out waiting for grants, or are not done at all because of shifting priorities. Ms. Charlton estimates that 75% of projects in the waterfall do get approved/funded.

The waterfall Capital Plan is "pressure tested" each year to minimize the wish list projects. The First Selectman does the pressure testing to prioritize the near-term projects. These projects are run through the financial model to ensure they meet the debt service requirements. If she does not put forth a project on the agenda, no one will see/review it.

A Capital Working Group was formed in March 2022 and tasked to set forth priorities from that large universe. This group, not the FS, is doing the pressure testing. The group comprises two members (one Democrat and one Republican) from the BOF, BOE, and RTM, as well as the First Selectman and CFO. The group will likely winnow the list from 10 years of projects to 5. These projects do not have the 14-point form. The first meeting explained bonding and debt service to familiarize everyone with the funding policies. Elected officials naturally want to push the projects of their constituents, so all need to know the funding limits. At their next meeting, they must build consensus, eliminate competing priorities, and make choices, so bond limits are adhered to. This should be done by June." (Fairfield, Chair, Board of Finance)

C. Prioritize Town Needs and Projects Transparently

Prioritization of projects is opaque to participants and the public, perhaps partly because our objectives and processes are not agreed on or transparent. Interviewees repeatedly stated that our prioritization process could improve.

An integrated, fully vetted, and analyzed list of projects and more clearly stated criteria (e.g., scope, cost, return on investment) for prioritization and selection are essential for evaluating projects. They could reduce the politicization of our decision processes. This would allow projects to be scheduled over time, help deal with unexpected needs, and permit input by elected officials and residents. The First Selectman's priorities should, of course, be included.

There were different views articulated regarding how to evaluate projects. Some liked the more formal criteria and process used in the 2000s, but there was no consensus, and a subsequent BET abandoned it. A senior town leader suggested that Town leaders and all relevant department heads frame priorities. A senior education leader recommended that this process starts with a summit among Town and elected officials as early as June.

In our current system, per Town Charter, the RTM can only reduce expenses and may not increase them. Final approval of all projects thus, by default, rests fundamentally with the Chairperson of the BET, i.e., with the party which received the highest total votes for the BET in the last election.) In a six-six partisan deadlock, the Chairperson casts the deciding vote. This decision construct, which voters do not widely understand, minimizes the input of the First Selectman, voters, and the RTM.

Appendix G and H for details on those involved with the process.

Implementation:

- 1. Assemble and then refresh a holistic list of Town capital needs and wishes annually.**
- 2. Create consistent criteria to evaluate projects at all steps of the process. Include content standards and a checklist of requirements for presentations by all department chairs and BOE to Town bodies, BOS, BET, and RTM evaluating capital projects.**
- 3. Discuss prioritization in Public Meetings.**

Representative Quotes

“Moral hazard serves as control versus the potential of giving government too much money unless there is a good scope, rationale, and benefit for capital projects. If there were a process and summary plan to inform the public and town leaders of long-term capital needs and funding, this could replace “modified pay as you go.” The current BET will consider long-term debt beyond 5-7 years for a big chunky project such as a \$100 million school addition.” (Elected Official RTM)

“The First Selectman’s Proposed Capital Budget book includes every capital project request. It is available on the Town’s website under the Government tab under the Budget Documents and Schedules page, along with the BET Budget Committee’s departmental meeting schedule. Each request has a one-page summary; some are more detailed than others. Usually, there is a summary of the project/description, what it is expected to accomplish, and the cost. Grant opportunities are also spelled out. Rarely are revenue, payback, or percent of public benefiting outlined except for projects such as LED lighting. Again, the public has access to all this information.” (Elected Official BET)

“Adjusting the capital budget is long and hard as it is a political issue. How can we manage the budget process to make it less contentious? One-party control has been accused of letting the infrastructure fall apart. Given the new political environment in Town, the capital budget will always be subjected to extensive political debate.” (Elected Official BET)

“How can the BOE be a more integral part of the process? Currently, input comes from Dr. Jones (Superintendent) and Dan Watson (Director of Facilities), then the BOE and parents give input. The BOE is a political body and must listen to parents and their project priorities. The BOE can remove and add or move up a project. The plan gets rolled in with the Town projects, and then it is left to the BET to make changes/cuts.” (Elected Official BET)

“It is the front-end capital planning that has challenges for departments such as schools, public works, Park, and Rec. They collectively are tasked with developing capital project needs and then having to craft building specs for many projects, which is a lot of work, and then they must sell their projects to the public. In addition, these departments will have to project manage each project to completion.” (Town Leadership Finance)

“The prior 15 Year CIP (Capital Improvement Plan) has changed because of the moving up of the rebuild of Central Middle School (\$2.5mm 2022/2023 and \$67mm building in 2023/2024). The prior model had CMS in 2034. One school renovation/rebuild (i.e., Julian Curtiss) has been pushed out for at least one year due to CMS. Not aware of any other town in Connecticut that has a 15-year CIP/capital model. It is like throwing darts out that far. A highly accurate 5-year model may be best.” (Town Leadership Finance)

D. Develop Greater Systematic Cooperation and Coordination Among Town Departments, BOE, Staff, and Elected Officials

These interactions can be formal and informal and can help build understanding even when people disagree. Many town officials are already working on building relationships with counterparts; however, these informal meetings should include the BOE and FOIA requirements should be followed.

Implementation:

- 1. Encourage regular social interaction among Town leaders and groups at various levels to improve openness, cooperation, and coordination.**
- 2. All Town bodies should meet FOIA requirements consistently. Town employees, volunteers, and elected officials should be trained and updated periodically, and all newly elected officials should be trained in the first sixty days of taking office.**

Representative Quotes:

"The BET does not serve the Town well if the BET votes 7/6 on all budgets. We need to foster communication. The schools have major capital needs, and the BET should not turn them down two years in a row without providing a vehicle for communication or compromise. It is a failure of government. More work needs to be done on communication-where we want to go and how we will get there. In the past, the BET was not as partisan or polarized as it is now, and I hope this will change. There needs to be control by persuasion, not by the outcome. The Republicans on the BET do not have to include the Democrats in discussion or debate to win a vote, but sharing does not mean you must agree. This LWVG project is an important topic. There is frustration as to why things are not being done faster or in the timeframe expected." (Elected Official BET)

Westport: "Importantly, it is not just about the process; it's the people involved in the process and how they make decisions that are best for the Town." (Westport, Chair, Board of Finance)

"Westport is a Democratic town – most of the officials on the Finance Board, BOE, and town officials are Democratic, but the First Selectman is Republican, and everyone works well together. You could not tell by the voting on the budget, which is Republican or Democrat. Partisanship would not occur on the Finance Board. Having to deal with party politics to make decisions would not be helpful and could damage the Party structure. The Finance Board usually agrees on 99% of projects as they commonly address: is there a need, does the public want the project, does the project have the correct price and design, and does the project or design work for the Town? Keeping it simple is always better. The majority of the Town voters are unaffiliated, so they are not represented on the Finance Board or by other Town officials." (Westport, Chair, Board of Finance)

E. Ensure Transparency at Every Stage of the Process

Many interviewees voiced concerns about the quality of financial and other information shared with the BET and the RTM and the uncertainty of how decisions and priorities are made.

Implementation:

- 1. Provide accurate, standardized, and comprehensive information to the BET and RTM districts and committees to improve decision-making and reduce time spent by Town officials, volunteers, and staff.**
- 2. Post meeting agendas with appropriate documentation and minutes to comply with FOIA.**
- 3. Allow the public to attend meetings of the Selectmen, RTM, and BET via digital video technology and in-person**

Representative Quote:

“Governance includes an understanding of town capital needs and spending. The Town needs input from the public about how they want us to spend or borrow their money. Accurate information, provided in advance, will improve decision-making and reduce time spent, as will earlier input from the RTM and neighborhood associations. To do this, the public should have better information and education. Simplify materials to give the public a good sense of the capital projects that are most needed. This information must be available to the decision-makers BET and RTM as they have oversight of the budgets.” (Elected Official RTM)

F. Standardize and Improve the Town’s Capital and Financial Budgeting Model

No one we interviewed defended the Town’s financial modeling, and many officials described “their own” models. There is no uniform method for all departments to cost projects, and our short-term planning horizons hamper longer-term decisions.

Implementation:

- 1. Create a single capital and financial budgeting model, maintained by the First Selectman or his designee, supported by town staff and elected officials to facilitate capital budgeting and sensitivity analysis.**
- 2. Include uniform methods for costing the total dollar amount of projects, allowing for inflation, interest rates, and contingencies.**

Representative Quotes:

“Town officials, BET, and BOE members want to create an accurate rolling 5-year Capital Plan for the Town and schools. The goal is to make it most accurate for three years and 90% for years 4 and 5 and maybe out to 7.” (Elected Official BET)

“The BET needs to understand the impact of all the variables available for funding the capital plan. A more detailed capital plan has been developed and will be used for modeling various scenarios in this budget and hopefully will be a useful tool going forward. We do not have a capital model that we can use for scenario modeling. The Finance Dept. controls the model. The model is only for the capital, not the operating plan. It would be too complicated to do both. The BET can better look at scenarios to see what can be altered to meet the Town’s needs. We need to answer if/how we can execute the current capital plan. Ideally, we can

look at the requests and timing of the major capital projects, the impact of the debt maturities 5, 10, and 20 years, varying interest rates, adjust the capital tax levy, etc.” (Elected Official BET)

“There can be as many as four CIP models competing simultaneously. For example, the Democrats and Republicans on the BET and a member of the RTM Finance Committee are currently developing their respective Town models with various assumptions. This is in addition to the Finance Departments' model in the annual Budget Book. Assumptions can be 1) cash flow needs, 2) borrowing interest rates, and 3) inflationary pressures.” (Town Leadership Finance)

“Westport has a capital model in Excel (not an operating model). The Board of Finance works with the CFO of the Town to plan, look at the current position and calculate debt service/debt needed based on forecasting interest rates. Planning is needed as projects often take longer than expected, costs change, and the Town wants to take advantage of the capital markets. Assumptions in the model can be changed, but the three people working on the model all agree to the assumptions and changes. Because various people have different views on the Town's state and what the financial assumptions should be, the model helps with communication. This year's model will be presented on March 8.” (Westport, Chair, Board of Finance)

Fairfield: “The Town has a model that the BOF agrees to and supports. They get advice from an outside bond expert on debt capacity and interest rate forecasts. Again, they do not want to exceed the 10% debt service limit (currently 8.5%). Inflation assumptions are in the model, as is an escalator to anticipate increased funding for a project a few years out and contingencies for projects (10-20%). Phoenix Advisors assists them with creating and maintaining the model.” (Fairfield, Chair, Board of Finance)

G. Extend our Planning and Funding Horizons

The historic “pay as you go,” and the current five-year funding horizons hurt the creation of consensus and do not allow longer-term planning. Competing priorities and the \$1+ billion scale of longer-term needs and wishes, e.g., civic centers and schools, indicate the desirability of a longer-term horizon. If voters want to accelerate some large town projects, we should also consider and implement the concept of funding long-lived assets with longer-term debt, as explained in the Funding section on page 25. Our tradition of solid oversight makes Greenwich likely to continue to be well-regarded by the agencies. Still, we are the only one of 16 AAA-rated towns in Connecticut to use a 5-year funding horizon. Extending the planning horizon could allow better access to more capital markets sectors, which could permit Town needs to be met sooner. This plan should be for a minimum of five years and perhaps ten years, allowing less specificity in the out years. Only the BOE currently uses a horizon for as long as 15 years.

Implementation:

- 1) Use five and 10-year models for specific planning.**
- 2) Consider up to a 20-year funding horizon for long-term assets.**

Representative Quote:

“Would like to see the one-year focus change. This year's decisions on the capital impact the available resources in future years. As presented in the proposed fiscal year 2022/2023 budget, the capital plan cannot be funded without violating BET debt policies. The BET's method of project financing delays the impact of current year decisions for three years. Still, the decisions the BET makes this year and over the next 2-3 years will impact the Town's ability to address the identified capital needs. There are only a handful of variables the BET has - it can change the size of the capital budget (cut or defer projects, reduce the scope

and cost of a specific project), it can raise more funds via property taxes to fund more projects, it can change the way it finances capital projects (extend the bond maturities for some or all new projects). This official believes the BET must evaluate and change all these areas.” (Elected Official BET)

H. Reduce Budget Cycle Time

Greenwich has a long, time-consuming budget cycle that needs to be shortened. The annual budget cycle starts in September and concludes the following May. Westport, in contrast, begins in December and ends by April 1st. Our system of multiple subcommittees for different Town bodies, e.g., the BET and RTM, means the same material is discussed repeatedly. Another consequence of our lengthy process is that funds for projects do not become available until July 1, which is challenging for the BOE, which must complete most of its significant projects during the summer.

Implementation:

- 1) The BET, RTM, and the BOS should abbreviate the budget cycle.**
- 2) Reduce duplicative meetings/hearings using digital video technology for simultaneous or joint committee meetings**

Representative Quotes:

“The BET’s budget process starts with departments putting their capital requests in writing. The First Selectman prepares a consolidated Town/BOE capital budget and presents it to the BET in January. The BET Budget Committee meets with each Department to review and explore their assumptions, and there may be follow-up questions. Then the BET Budget Committee votes on changes to the First Selectman’s proposed budget. Note: The Budget Committee comprises four members and has no tie-breaking vote. After the Budget Committee completes its work, the budget is reviewed and voted on by the full BET (which has 12 members, with the Chair having a tie-breaking vote). The budget then moves to the RTM, which votes in May. The process is open to the public, but input and communication are imperfect. Sometimes it is because not all the information is available simultaneously, or it is tough to follow up on certain assumptions. The process is time-consuming for the department staff, and there is much uncertainty for months, not knowing if they will get funding for their projects. They can’t start to get bids without knowing if their requests will be approved.” (Elected Official BET)

“Westport Process is November to March: The process starts in November with the department heads and First Selectman (FS) forecasting their operating budgets. In early January, the Board of Finance sends a letter to the FS and Superintendent of Schools setting out expectations for growth (% budget increase over the prior year). This guidepost makes for better discussions later. The letter also contains a list of items they want each department to consider, i.e., the strategy behind the financial request. This could be asking the BOE should there be a cut in the number of buses or for the fire department why they need five firehouses instead of four. The nature of police crime has changed (fewer houses and cars) versus an increase in internet crime, and how should the change in crime be reflected in the budget? They do not suggest answers; they develop observations on key projects for consideration. The growth rate is estimated by starting with a base assumption of no increase in the mill rate. The town has not increased the mill rate in the past eight years. This can be done despite 2%+ inflation because of the increase in the grand list. The Public is involved since they can attend all the meetings. The RTM is the second funding body. They typically make few changes to the budget. A supermajority of 60% is needed to overrule/change what the Finance Board has turned over to them. They approve the budget in late March or the first week of April. The RTM approved the budget in May. After the RTM adopts the budget, there is still time to challenge or make

changes if a big mistake occurs, as the tax rate is set in the middle of May. The Finance Board also wants to know the current year's performance, i.e., the excess cash that would go into the reserves, which can help set the tax rate. "(Westport, Chair, Board of Finance)

Fairfield: "The Capital Projects review typically starts in the Fall with the First Selectman issuing a list of projects to be funded. A meeting is held with the FS, BOF, and RTM to get feedback and joint input on the requests. In February, the BOF approved for bonding in a group any non-recurring capital project of \$1mm or less. The BOF all agree on these projects. In 2023 there were 7-8 projects totaling \$3-4mm, which is about 10% of the total \$30-35mm capital requests. Fairfield does not bond any capital project under \$100k, which goes into the operating budget." (Fairfield, Chair, Board of Finance)

Fairfield: "The BOF considers large projects individually when they are ready, i.e., have specs and bids. Each project has a 14-point form. The 14-point form (Appendix M) first goes to the FS and then the BOF for review. The BOF authorizes bonding for a project, which means approval. They sometimes review 2-3 at a single meeting. Projects are approved on their merits at this stage, as the FS and running have already assessed affordability through the model (see below). Projects approved before June 1 go into that year's bond issuance, typically on July 1. Projects approved after June are paid for in cash or BANs (Bond Anticipation Note) and go into the General Obligation Bonds for the following year. The Town does approximately \$30mm of bonding annually, again focusing on the 10% debt service policy limit and the tax levy/mill rate. "(Fairfield, Chair, Board of Finance)

I. Establish a Consistent Structure of Oversight for Capital Projects

The Town has a mixed record of completing projects on budget and time. No single Town official or agency is responsible for ensuring that capital funds are spent efficiently, including providing effective, realistic bids, monitoring progress, and evaluating a completed project. Project construction and design contingencies are not included consistently, detailed cost analysis is not always analyzed before change orders are approved, and scheduling with milestones is inconsistently applied for smaller projects. In the future, greater care will be required for cost escalation factors, especially in periods of higher inflation.

The State requires building committees for BOE projects receiving state funding, and the RTM requires them for most other large capital projects. Building Committees provide transparency and accountability. Accurately recording contract information and requiring officials to report to the RTM what did and did not go well when projects enhance credibility with the Town's citizens. (Appendix I).

Implementation:

- 1) Require Building Committees for all major Town projects.**
- 2) Review and assess all large projects after completion to determine lessons learned.**
- 3) Decide where such a review for non-BOE projects should occur in the Town structure.**
- 4) Use detailed cost analysis for change orders and add scheduling milestones for smaller and larger projects—update cost escalation estimates.**

Representative Quote:

"Blum Shapiro was hired by the BET to review the School Administration's process for management and control of capital projects. Most of the Blum Schapiro recommendations have been implemented and were implemented quickly. The study found that improvements in the use of existing systems (MUNIS) would better facilitate the financial management of projects. Staff training was required and implemented. One recommendation regarding project management software was adopted using a different approach (MUNIS

vs. a more complicated software). Another recommendation for a Fixed Asset Inventory System is a longer-term project. The BET Audit Committee has received two updates since the completion of the study.” (Elected Official BET) (Executive Summary Appendix N).

V. FUNDING ANALYSIS

The CPSC was concerned that Greenwich had limited borrowing capacity but was less concerned after the interviews.

- A) Availability of Funds
- B) Funding Policies

A. Availability of Funds

The CPSC reviewed the Town’s access to borrowing as determined by regulatory and market constraints and BET policy guidelines, which weigh borrowing versus taxation. The Town generally has the capacity based on regulatory and market constraints well beyond any foreseen borrowing needs. BET policy guideline modification and modest changes to the Capital Levy may be required to accommodate anticipated borrowings. Thus, incremental borrowing is a function of policy decisions, not funds' availability.

1. Regulatory Constraints

Connecticut State statutes place two constraints on Town borrowing. First, the Town cannot borrow to fund the operating budget, which means annual borrowing cannot exceed that year’s capital spending. Second, the Town cannot have a debt balance of more than 7x its tax base (total tax revenue). A 2022 tax base of \$390 million implies a robust limit of \$2.7 billion relative to today’s balance of \$158 million.³

2. Market Constraints

The Town’s prudent funding practices earn it a AAA rating from the rating agencies, one of 16 towns in Connecticut. Many factors are considered, but borrowings and debt service in relation to the Grand List are the most determinative. With a Grand List of approximately \$50.9 billion, the largest in the State, and low debt as a percent of the Grand List (0.32%), the view is that the AAA rating is not at risk relative to any foreseen borrowing requirements. However, if the Town were to lose the AAA rating, then there would not be a material effect on borrowing and a modest impact on bond interest rates (Appendices K and L).

The Town has enjoyed strong investor interest in its debt offerings, and there is general confidence that this will continue to be the case.

3. Interest Rates

Interest rates impact the Town’s borrowing decisions, a consideration more in focus today as interest rates are expected to continue to rise. Using a simple model,⁴ each 1.00% increase in interest adds 3% to the total cost of debt repaid over five years and 10.5% to the cost of debt repaid over 20 years. So, capital spending of \$100 million funded with debt at 3.00% would have a total nominal fee of \$109 million using 5-

³ Data in this section are taken from the BET Proposed Capital Budget for Fiscal Year July 1, 2022 – June 30, 2023, dated April 19, 2022. We use herein the most recent Gross Grand List of \$50.9 million.

⁴ This model assumes annual straight-line borrowing repayment, with repayment at the end of each year.

year debt and \$132 million using 20-year debt. These incremental costs will either offset future spending or require increased taxes.

The higher debt service cost of longer-term financing is a trade-off against the benefits of:

- funding needed capital projects on a timely basis,
- managing mill rate increases more smoothly,
- spreading the cost of a project over multiple generations of resident users who benefit from the project.

4. BET Policy Guidelines

In 2019, the BET adopted the following revised policy guidelines:

- Maximum Total Debt to Gross/Total Grand List Ratio: 0.75% (currently 0.32%)
- Minimum Capital Funded With Capital Levy (a cash reserve): 10% (currently 13.1%)
- Maximum Debt Service to Budget: 11% (currently 9.2%)
- Debt Service Must Begin Within One Year of Borrowing, i.e., no interest-only borrowing
- Bond Rating Target: “maintain highest possible.”

Using 2022-2023 data, these policies would imply:

- Maximum Total Debt Relative to Gross/Total Grand List: \$382 million
- Minimum Capital Funded with capital levy: up to \$86 million borrowings (currently \$158 million outstanding) in FY 22-23
- Maximum Debt Service to Budget: \$51 million (now \$42 million)

These BET policy guidelines are not met in the 2023-2037 forecast presented in the BET’s April 2022 proposed capital budget for outer years. This implies either the need to relax these guidelines or increase the capital levy. Work done by the RTM Finance Committee suggests that moving the annual increase in the capital levy from \$3 million per year to \$5 million per year would satisfy the guidelines⁵. BET forecasts show the capital levy growing by \$3 million annually, from \$52 million in 22-23 to \$67 million in 27-28. Adding \$2 million per year would bring the annual capital levy to \$77 million in FY 27-28. \$2 million yearly is approximately a 0.5% increase in taxes from current levels.

Implementation:

- 1) Confirm or amend the continued viability of the current debt issuance guidelines and practices.**
- 2) LWV Greenwich and the Town should create public awareness of the Town’s capital issuance status, so voters can clearly understand the implications of their votes for the BET. This education should include Town bodies' capital review and voting approval processes.**
- 3) Discuss publicly the advantages and disadvantages of using some of the Town’s borrowing capacity to prudently accelerate higher priority capital projects.**

⁵ RTM Finance Committee Webinar presentation, April 28, 2022

Representative Quotes

"Most officials in CT towns are elected for two years, so leadership changes are viewed as neutral. More important is having a codified financial management policy so that policies don't change direction when officials change. Further, having a history of the following policy is important." (Muni Advisor)

"When the Democrats had a majority in the BET several years ago, they changed the debt to grand list limit from 0.5% to 0.75%. It takes seven votes, including the majority party's tie-breaking votes of the BET, to change a policy. There have also been no recent rumblings about any need to change the debt policy. The policy does allow for 20-year debt." (Elected Official BET)

"Greenwich has an excellent economy with "wealth off the charts and the largest grand list in the state." Since debt is only a 10% weighting (in the rating process, Greenwich could borrow somewhat more and not lose our AAA rating, the two metrics the agencies look at are: 1. total debt outstanding to the grand list, and this must be .75% or less, Greenwich is strong on this measure allowing the town to borrow more. 2. It's outstanding debt to revenues which must be 33% or less for Moody's and 30% for S&P. Greenwich does not score as well on the debt/revenue with a score of 60% per Moody's and 50% per S&P, which would be an AA. Again, Greenwich can borrow more, but we are not AAA on this measure." (Muni Advisor)

"Would like to see a strong fund balance with less of the fund balance used for tax relief/to keep taxes low. End-of-year budget surpluses should be kept in the fund balance and not returned to cover expenses. If the Town budgets less conservatively, i.e., uses the fund balance more for expenses, that would not be positive. Recurring revenues should pay expenses, not the fund balance/reserves. Nathaniel Witherell is also a concern to the Agencies; the nursing home has been running deficits. The BET has chosen to eliminate this organization's prior year's losses by funding the loss in the next year's Town budget. We are the only Town in the state with a nursing home. Some say it is a Town treasure. However, others look at the negative operating expense." (Muni Advisor)

"Westport: The Finance Board does not have a debt policy. Moody has suggested the Town will be able to keep its AAA rating because the Town has ample ability to increase taxes to pay for projects/pay down debt. They have one rule: General Reserves must be 9-11% of the revenues. It can never go below 9%. Over the past ten years, it has never gone below 11%." (Westport, Chair, Board of Finance)

B. Funding Policies

Greenwich should re-examine its historic funding practices, as the current BET leadership has begun, and the RTM may consider.

For decades, the Town had an approach of "pay as you go" (cash) or "modified pay as you go," in which debt was repaid in no more than five years. This approach can discourage large capital projects occurring in the same year or over 2 or 3 years because the debt service required is concentrated in a short period and can lead to a sharp increase in the mill rate. This is a disciplined but unusual approach. According to the Town's Muni Bond advisor, "no other town in Connecticut issues only five-year debt."

For a sense of the differing impact on mill rate, the simple model previously mentioned indicates that if

incremental debt service is entirely met with an increased mill rate, in year one, the mill rate increase for 5-year debt would be approximately 2.8x the mill rate increase for 20-year debt. Of course, the 20-year mill rate increase would continue for 15 years beyond the 5-year increase. In the example of \$100 million borrowed at 3.00%, the mill rate increase would be 0.48 or an increase of 4.1% from the current level for 5-year debt, and 0.17 or a 1.5% increase for 20-year debt.

Using longer-term debt to fund longer-use assets is more customary than our approach. Matching financing terms with asset life, among other things, better matches the debt service obligation with a changing town population's use of its assets. Academic and municipal funding literature suggests this is a widely accepted standard.

"Concerns" about incurring longer-term debt were focused on the possibility that the discipline to consider priorities and trade-offs could be diminished carefully. Also, as previously mentioned, longer-term debt could increase total Town interest expense outlay meaningfully.

Public-private efforts can be an attractive alternative funding source; however, the concern was expressed that the availability of private financing can suddenly influence the prioritization of larger projects. This can lead to low-ranked projects taking Town funds simply because of a significant private donation; available federal/state and foundation grants should be continuously evaluated for consistency with Town policies.

Implementation:

- 1) Study when it would be beneficial to extend the funding horizon beyond five years, potentially to as many as twenty.**
- 2) Consider implications of matching funding amortization with asset life, especially for longer-life facilities.**

Representative Quotes:

"Top recommendation: extend debt to approximate the life of an asset." (Muni Bond Expert)

"No other town in CT issues only 5-year debt—Shelton does issue 10-year debt. In two years, Greenwich may be building Central Middle School (CMS), Old Greenwich, and Julian Curtiss for a total of \$100mm or \$80mm less the school reimbursement. Five-year amortization for that large amount is not realistic and would have to go out at least to ten years." (Muni Advisor)

"There has been a long-running debate on debt terms (5, 10, 20), and different groups (BET, RTM) use different assumptions—interest rates, discount rates, inflation to justify the optimal timing of capital spending and the debt term. Dueling models are dueling assumptions. Currently, the various groups are trying to model debt levels to determine how the Town could rebuild CMS and the other two schools at the same time over the next few years. Again, a 5, 10, or 20-year debt term will not likely impact the Town's rating. Ten-year debt will put more pressure on the budget versus twenty-year debt. With ten-year debt, what will be the Town's appetite to raise the mill rate to pay for the schools and the associated debt? There may also be a desire to make conservative budget assumptions in other areas, i.e., to have a surplus to keep the fund balance strong. If the Town changes debt terms, the impact won't be felt for five years due to funding of two-year BANs (Bond Anticipation Notes and five-year GOBs (General Obligation Bonds). We also don't know what the impact of future interest rates will be. The model has 1% for BANs and 2.5% for GOBs. Rates for longer-term debt would be higher, and this rate assumption would have to be determined/agreed to." (Muni Advisor)

“If the capital tax levy were increased through taxes by \$4-5mm for four or five years, the capital plan would be close to being funded and still have the financial ratios identified by the BET work. Every \$3.75mm in the budget is one mill. We could do this as pension cost funding is decreasing due to the fund’s performance last year; however, market performance could reverse some of that benefit. Other factors impacting the operating budget (which is a source to put more cash into the capital budget) are employee healthcare costs and general wage increases. The BET does not use all the tools it has available. They focused on keeping the mill rate low, and we are paying the price now. An annual 2-4% mill rate increase should be the norm. Four percent might be hard on residents now, but tax increases have been low over the past several years.”
(Elected Official BET)

“If a new BET leadership were to change the Debt Policy, which could be every two years, the changes should be slow, and we should go to the agencies to educate them on the rationale for the change. There are two key areas: 1) the amount the Town can borrow could be changed more easily. Using modeling, the agencies could see how more debt or longer-term debt could impact the bond rating. Since the town uses five years of borrowing, there is flexibility to change. The second area would be to change the cap on total debt outstanding. Again, modeling would have to show how much more outstanding debt impacts the debt metrics. The total debt to the grand list is at .50% currently and could go to .75%. The debt to total revenues goal should be no more than 33%, and Greenwich is already at 50-60% depending on the agency.” (Muni Advisor)

“The modified pay-as-you-go debt funding model can limit the ability of the Town to fund all its infrastructure needs. It would be difficult to build or do a major renovation of 3 schools, the ice-skating rink, and the civic center simultaneously with this funding model. There may be some softening of the BET to go out ten years but not 20 for some major school projects. We might know more in a month depending on how the BET addresses CMS and debt funding.” (Town Leadership Finance)

“Fairfield bonds projects to equal the asset's life but not go over 20 years. There are typically two tranches of bonds for projects up to 10 years and projects with a 20-year life. They do not bond recurring capital projects with lives of 3-5 years, e.g., police radios. These projects are funding out of the operating budget.”
(Fairfield, Chair, Board of Finance)

VI. CONCLUSIONS

The Capital Study Project started with an understanding that Greenwich financials are in a strong position. The town has the largest total Grand List and the lowest mill rate in the State with the ability to issue significantly more debt without impacting its AAA rating.

The intention of this report is to identify what the Town of Greenwich can do better, recognizing that approaches that might have worked well in the past may need to be altered today, considering Greenwich's evolving nature, aging infrastructure, and leaders' visions, technological changes, and funding choices. This report has addressed specific areas where our research repeatedly revealed opportunities for improvement.

The Key Recommendations are:

- 1) Create a More Strategic Vision for the Town
- 2) Build a Financial Plan to Support the Strategic Vision
- 3) Enhance Processes for Capital Planning and Setting Priorities
- 4) Standardize and Improve the Town's Capital and Financial Budgeting Model
- 5) Manage and Assess Implementation of Capital Projects Thoroughly and Transparently
- 6) Create a Funding Plan for increased Capital Needs
- 7) Reduce the Budget Cycle Time

We are encouraged that both elected and appointed Town officials, despite their differences of opinion, care deeply about the Town and seek to do things as effectively as possible for the common good.

The committee is very grateful to all the interviewees for their time, for sharing their expertise, and for their dedicated service to the Town.

APPENDICES

Appendix A **INTERVIEWS**

Funding

- Ann Hagan, retired Muni Finance expert, Municipal Finance career with Merrill Lynch 1982-88 and 1991-1993. Wrote a manual on best practices in municipal finance used by tax-exempt issuers. Interview: January 31, 2022
- William Lindsay, Managing Director, Munistat Services Inc. and Municipal Advisor for Greenwich. Interview: March 03, 2022.
- Mike Basham was elected to BET 2022 and served as Vice-Chair. Formerly: Chair of the RTM Finance Committee, Chair of the 2019 Debt Policy Working Group and initiated the 2020 RTM Finance Committee Capital Working Group. Interview: February 2, 2022
- Brooks Harris, Chair RTM Finance Committee. Formerly: a member of the 2019 Debt Policy Working Group and the 2020 RTM Finance Committee. Interview: February 1, 2022
- Leslie Moriarty is currently on BET in her seventh year. Formerly: BOE eight years, RTM two years. Interview: February 22, 2022
- Peter Mynarski Jr., Comptroller and CFO Town of Greenwich and ex officio Town Retirement System. Interview: February 25, 2022
- Brian Stern, Chair, Board of Finance Westport (the equivalent of Greenwich BET). Interview: March 8, 2022
- Lori Charlton, Chair, Fairfield Board of Finance

Process and Needs

- Fred Camillo, First Selectman Interview: January 25, 2022
- Amy Siebert/James Michel, DPW. Interview: Friday, January 28, 2022
- Joe Siciliano, Parks & Recreation. Interview: Monday, January 31, 2022
- Ben Branyan, Town Administrator & COO. Interview: Monday, February 7, 2022
- Dr. Jones, Dan Watson, Sean O'Keefe- Superintendent, Facilities, CFO. Interview: February 25, 2022
- Peter Bernstein, Former BOE Chairman. Interview: Monday, March 7, 2022
- Stephen Walko, New Lebanon School Building Committee Chairman. Interview: March 7, 2022
- Katie DeLuca, Chairman- Town Planner/Planning & Zoning. Interview: Tuesday, March 8, 2022

Appendix B
REPRESENTATIVE QUESTIONS

Funding Discussion Topics:

- A. Planning Process—length of the budget process, timeline, budget, and capital-including planning, approval, and funding processes. Role of the public. Are the Town’s significant capital needs, including schools, being recognized, and funded timely?
- B. Long Term Capital Plan-how far out, scope of information, accuracy, issue of shifting priorities. What does the BET currently receive for each proposed capital project—size, benefit (e.g., how many will use, revenues), cost outline, etc.?
- C. Oversight of capital projects once approved—how good is tracking spending to ensure projects stay on budget (e.g., Blum Shapiro report to the BET and BOE)
- D. BET debt policy—0.75% max debt to grand list, debt service as % of budget 11%, projects funded by taxes minimum of 11%, etc., —potential for revision/modification
- E. Modified pay as you go and borrowing to match asset life--spreading the cost over the generations of taxpayers who benefit from its use
- F. Which funding mechanisms have the most flexibility: tax levy/mill rate, amount of debt, debt term, reserve fund, grants, public/private partnerships
- G. Use of modeling/tools to create base cases and scenarios. Ownership of capital model and status?
- H. Collaboration vs. partisanship among local elected officials

Process & Needs Discussion Topics:

- A. Do you feel the current Capital process is transparent, inclusive, and responsive to the needs of the community? What changes would your department need to make it more so? What changes would you suggest the departments you interface with made to ensure coordination and cooperation in meeting project goals?
- A. In your experience, would you describe the purpose or goal of the capital plan? Does it work as intended? How do other planning documents such as the POCD, Facilities Master plan, Blum Shapiro Report, Harbor Management Plan, and BET Guidelines influence or impact your annual and longer-term planning process?
- B. What process and criteria do you use to propose a project for the current year or future years, and do the following factors impact the decision to submit a project?
- C. How is the value a project will bring to the community measured? How do you compare different project values?
- D. How are the voice of the community, operational staff, and users included in the process, and how does it impact your decisions?
- E. Is prioritization impacted by an external funding source, i.e., grants or private partnerships, State or Federal laws?
- F. Does the financial scale and or need of a project impact its position in the Capital Plan? How do you balance the needs for ongoing maintenance of existing facilities, roads, etc., versus funding new projects? How do you compare, prioritize, and rank your internally generated projects from those suggested by various groups or required by the POCD, ADA, or State or Federal laws? How and when are projects previously in the plan dropped?

APPENDIX C
COMMITTEE SUMMARY BIOS

Michael Bodson

President and Chief Executive Officer of Depository Trust and Clearing Corp. since August 2012. He joined DTCC in 2007 and previously was with Morgan Stanley for over 20 years. He was on the Greenwich Board of Education from 2006-2011, serving on the Hamilton Avenue and Glenville Schools building committees. He is a CPA, a town resident for most of his life, and a Republican. LWV Greenwich member.

Stephanie Cowie

A 21-year resident of Greenwich. Retired from a 35+ year career in the Employee Insurance Consulting business as a Senior VP at American Benefits Consulting (an Alliant Insurance Company). Currently the Co-President of the PTA at Greenwich High School. Vice-Chair to the First Selectman Advisory Council for People with Disabilities (FSAC4PWD), serves as the representative of the FSAC4PWD and Greenwich High School PTA for the Cardinal Stadium Project as well as the Vestibule Project. FSAC4PWD representative for the Feasibility ADA project for Western Middle School.

Hillary Frisbie-Aponte

Hillary Frisbie-Aponte moved to Greenwich in 2019, joining the LWV shortly after that. She worked as a construction job order contract administrator for the Capital Region Council of Governments (CRCOG), working with local municipalities and public schools throughout Connecticut. She now works for the Commonwealth of Pennsylvania's Department of General Services as a construction account manager, assisting with capital project planning and budgeting. LWV Greenwich member.

Rebecca Gillan

Career experience includes consumer research, new product development, strategic and financial planning, and acquisitions. She has worked in senior leadership positions at AARP, Starwood Hotels, and Tambrands. Registered Republican. LWV Greenwich Board member.

Katherine LoBalbo, AIA

A registered architect focused on educational, residential, and commercial design and construction at Robert A.M. Stern Architects (2005-2014) and Perkins Eastman Architects (2014-Present). Architectural Review Committee, RTM member. 5th generation Greenwich resident. LWV Greenwich member

Steve Munger

Thirty-five years with Morgan Stanley investment banking, currently Chairman of Global Mergers and Acquisitions. Steve and Linda have been Town residents for 30 years. Republican. LWV Greenwich member.

Barbara O’Neill

She is a forty-three-year Greenwich resident. She was a teacher and administrator in the Greenwich Public Schools; following retirement, she served eight years on the Board of Education, two as Chair. Currently she is in her second term on the RTM, representing District 6 on the Education Committee. An LWV Greenwich member.

Joe Ross

A lifelong resident of Greenwich, with parents, siblings, children, and grandchildren all products of the Greenwich Public Schools. Licensed professional engineer – Executive Vice President of AECOM Tishman with 52 years of design and construction experience. Building Committee member for Hamilton Avenue and Glenville Schools, Building Committee Chairman for the Music and Instructional Space and Auditorium at Greenwich High School.

Larry Simon

Current Board Chair of Nathaniel Witherell Nursing Home; member of the TOG Retirement Board for four years; Member of the BET for 12 years; and the Budget Committee for ten years. Worked with Jim Lash to develop the original Capital planning process. Co-Founder of Health Management Systems, Inc, a healthcare software company. Democratic Affiliation. Town resident since 1984; LWV Greenwich member.

Steve Waters

Prior/current Board Chair and Finance/Audit Committees of three public and ten private companies and four nonprofits. Co-CEO of Morgan Stanley International and current Chair of Compass Partners Capital. Unaffiliated voter, a town resident since 1976, LWV Greenwich member.

John Winer

Current Partner & Chief Investment Officer, Seavest Investment Group and Seavest Healthcare Properties; Former Partner, E&Y Real Estate Consulting; Former municipal finance investment banker; Member Urban Land Institute and former ULI Chair Healthcare and Life Sciences Council; Town resident for three years.

Appendix D
AGGREGATE GREENWICH CAPITAL NEEDS

Town of Greenwich Preliminary Official Statement, December 22, 2021: \$40mm General Obligation Issue (pg. 41)

EXISTING AND FUTURE CAPITAL PROJECT FINANCING

In fiscal year 2021-22, the Town has authorized borrowing of up to \$55.2 million for Town and Board of Education projects to be amortized over five years.

The annual borrowings and the transfers into the Capital Reserve Fund along with contributions from current capital reserves and other revenue sources are expected to be adequate to fund the Town's capital improvement plan ("CIP") over the next fifteen years, absent any changes in such plan. Amendments or supplements to the CIP in the future will affect the Town's capital contribution requirements. Currently the Town's fifteen-year CIP includes \$1.256 billion of capital projects, of which approximately \$1.168 billion will be debt funded. Highlights to the plan include renovations at four Elementary schools, Greenwich High School soil remediation, Central Middle School Expansion, a new Eastern Civic Center, improvements to the Holly Hill Resource Recovery Facility, Dorothy Hamill Ice Rink Renovation, Roger Sherman Baldwin Park improvements, construction of a new EMS Ambulance Station and Headquarters, annual road paving and soil remediation at Western Middle School. For the Western Middle School soil remediation project, the Board of Education currently estimates a cost range of \$15 million to \$20 million over the next three years. The Town has not authorized any funding at this time however, the CIP currently includes a placeholder of \$8M in fiscal year 2022-23. The estimate is subject to revision due to price increases or reductions, changes in technology or changes in applicable laws and regulations. (See Footnote 8 in Appendix A "Audited Financial Statements" herein).

During the spring of 2017, the Town's Board of Education contracted with an architect to develop a fifteen-year Facilities Master Plan ("Master Plan") to assess the programmatic and physical condition of all school facilities and to plan for the future maintenance, renovations and possible replacement of those facilities. The Master Plan seeks to develop preliminary design options to achieve model program requirements, develop a phasing schedule for implementation and ultimately integrate the model program through infrastructure improvements. The Master Plan in its current form provides recommendations for improvements, renovations or replacements of sixteen education facilities with estimated costs ranging from \$740 million to \$773 million. The Town can provide no assurances that the Master Plan will be undertaken in the amounts or the timeframe as recommended. In its fiscal year 2022-23 Capital Budget, the Board of Education has included \$37,878,621 for system-wide school improvements.

APPENDIX E HISTORIC MAINTENANCE SPENDING

SUMMARY

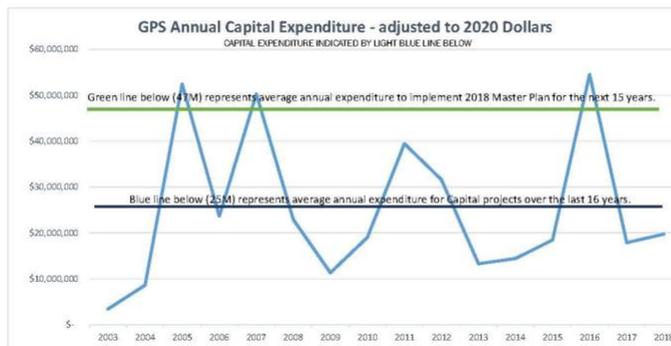
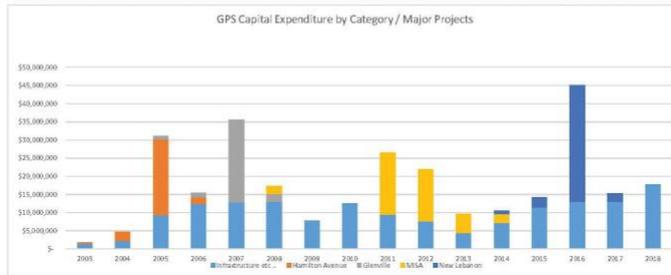


Summary

This Master Plan identifies a wide range of site, infrastructure and program related improvements to all of the buildings in the Greenwich Public Schools.

The overall budget for these improvements is significant and many question how it will be funded or if it can be afforded. With this in mind the planning team was asked to research how much has historically been spent on the public schools over the years. The attached charts shows the variations in annual spending adjusted to 2020 dollars. While this shows that the historical average spending is below what is needed today it also shows that during peak years the spending has reached the average level that the Plan is recommending.

GREENWICH PUBLIC SCHOOLS EDUCATIONAL MASTER PLAN

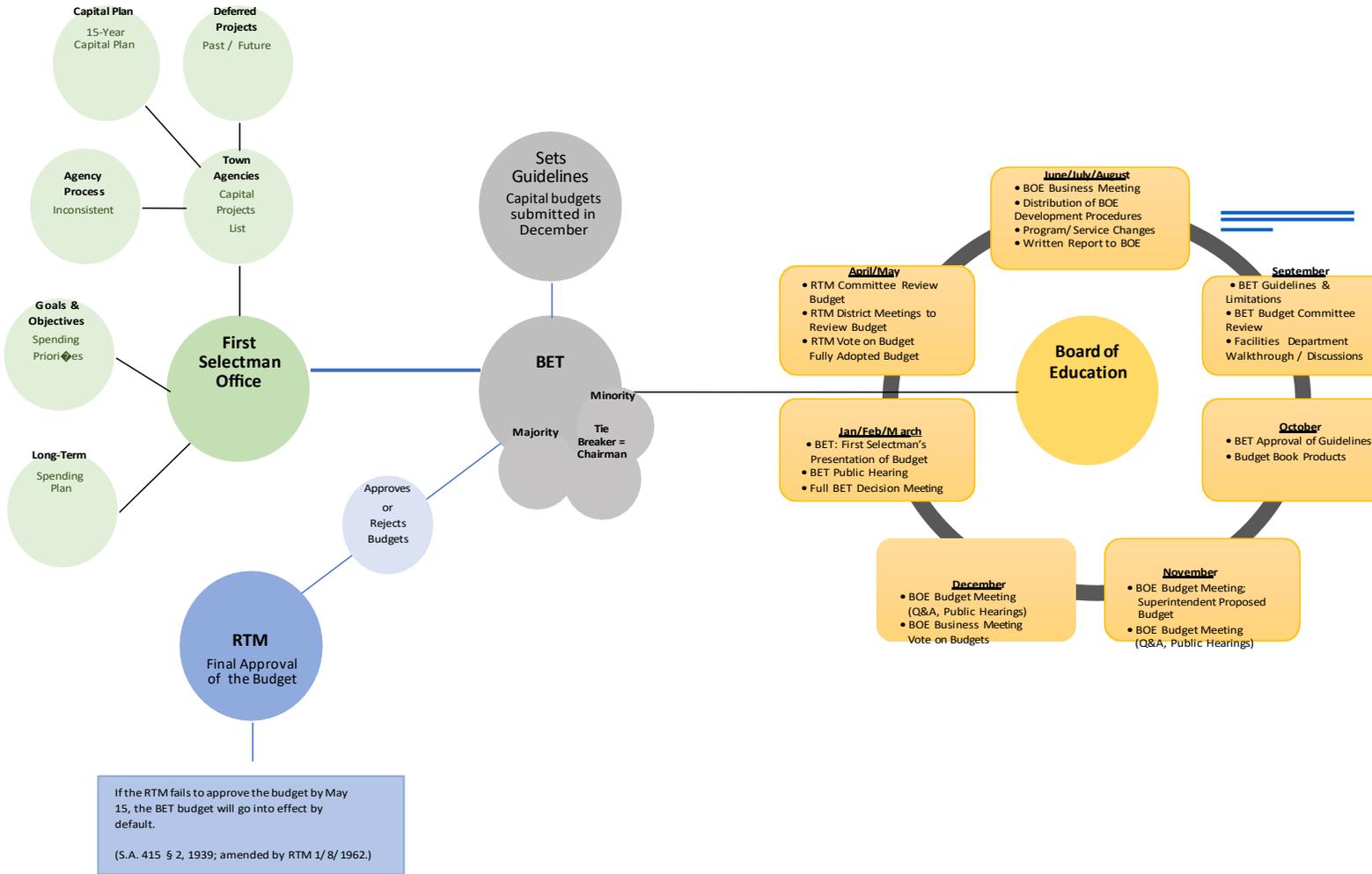


APPENDIX F

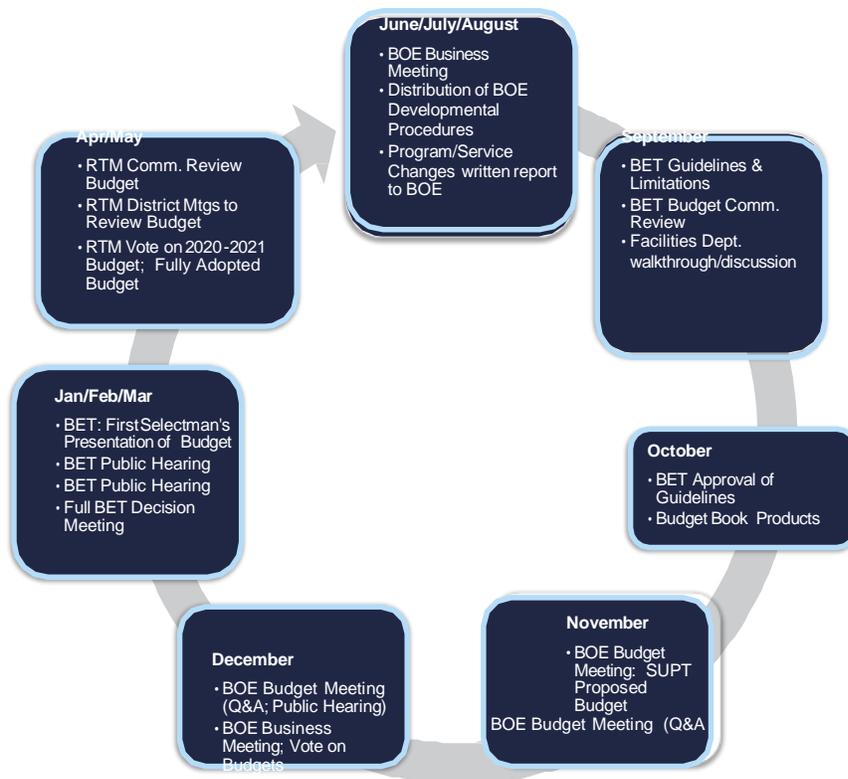
GREENWICH PLAN OF CONSERVATION AND DEVELOPMENT

http://www.greenwichct.gov/Documentcenter/View/13533/Greenwich_POCD_v10

APPENDIX G – DIAGRAM OF GREENWICH BUDGET PROCESS



12 Month Budget Process Greenwich Public Schools



Budget Timeline

- August: BET looks at current year budgets versus actual spending.
- September: BET sets Guidelines & Limitations for Operating and Capital expenditures for the next fiscal year. BET closes out current capital projects: any unused money returned to the fund.
- October: BET approves Operating and Capital Guidelines and forwards budget books to departments.
- November: BOE Budget Meeting to review superintendent's proposed budget
BOE Budget Meeting, including Q&A and Public Hearing
- December: BOE Budget Meeting, including Q&A and Public Hearing
BOE Business Meeting; Vote on Budgets
- January: First Selectman's Budget Presentation
BOE Budget Presentation
BET Budget Committee Public Hearing
- February: BET Budget Meetings with all departments/open to the public
- March: BET Consolidates budgets, makes final decisions, final Public Hearing
- April 1: BET Decision Day
- April: RTM Committee reviews budget, RTM District and Committee Meetings to review budget (RTM typically receives more comments from residents than the BET)
- By mid-May: Full RTM votes and adopts fully approved operating and capital budgets. BET approval is sufficient if RTM fails to act.
- July: Schools authorized to fund projects.

Appendix H

ROLES OF BET AND RTM

Board of Estimate and Taxation (BET)

- 6 Democrats and 6 Republicans are elected for a two-year term
- Chosen by respective party Town Committees. Voters do not have a choice other than through party primaries.
- Petition candidates may challenge party-endorsed tickets during the Primary in August
- Voters determine which party controls the BET
- The party receiving the total votes chooses the BET Chairman
- BET Chairman has the tie-breaking vote
- The BET controls Town and BOE spending, sets fiscal policy, prepares the annual budget, approves interim appropriations, receives funds for the Town, determines each year's tax rate, and oversees the Finance Department, the Assessor, and the Tax Collector.

The Town Charter requires that bonding.

- Have the support of 7 BET members -- an enforced "bi-partisan" decision
- Have the support of a majority of the entire membership of the RTM

Representative Town Meeting (RTM)

- 230 members divided into twelve districts covering all parts of Town,
- By Town Charter, it is intended to be nonpartisan
- Serve two-year terms
- There are eleven standing committees and two special committees
- District Representatives are elected by their neighbors
- By Town Charter can reduce, but not increase, BET spending recommendations
- A majority of the members must support bonding if it is to take place. Article 1, Section 17 Issuance of bonds; Representative Town Meeting authorization.

Appendix I

BID POLICY

State Procurement Process - https://portal.ct.gov/-/media/SOTS/regulations/Title_04a/052pdf.pdf

Sec. 4a-52-8. Award (a) Award will be made to the lowest responsible, qualified bidder as defined in Section 4a-59 of the Connecticut General Statutes and in accordance with the criteria set forth in said section; which bidder's bid meets the requirements and criteria outlined in the invitation to bid. Objective criteria for determining the lowest responsible, qualified bidder are detailed in Section 4a-52-18 of the Regulations of Connecticut State Agencies. The quality of the supplies, materials, equipment, or contractual services to be supplied, their conformity with the specifications, their suitability to the requirements of the State, and the delivery terms and administrative costs of the State as currently prescribed by the Commissioner will be taken into consideration in making the award.

Appendix J

OTHER TOWNS' FINANCIAL STRUCTURES

The Committee contacted other towns whose demographic composition reflected the diversity of family income-that characterizes Greenwich. We also considered those with AAA ratings from the agencies, i.e., towns in a very strong financial condition. These towns have different structures and procedures but do not allow a single deciding vote by a BOE/Finance Board chair.

Westport's Board of Finance (BOF) has seven members elected for four years. No more than four may be members of the same political party. There are four Democrats and two Republicans, and the Chair is a Democrat. In Westport, if the operating or capital budget presented exceeds the BOF guidelines, the BOF goes back to the departments and tells them to cut \$XXX and decide what projects or areas to cut, not the BOF.

In Fairfield, members of the Board of Finance are elected for six years with staggered terms. There are nine members; currently, there are five Democrats and four Republicans, and the Chair is a Democrat.

In West Hartford, a Town Council structure has been in place since 1919. Members are elected at large for two years and represent all of West Hartford. The Town Clerk is a paid position, elected for four years. The Town Manager is the chief executive officer responsible for carrying out the council's policies. All Town Council members are volunteers.

Appendix K

CAPITAL FUNDING AND MODEL IMPLICATIONS

These variables can be changed to impact the capital model, but there are different implications for each:

1. Reduce total capital budget by lowering the allocation for some/all projects, phase, defer or delete projects.
 - a. Impact – would delay addressing capital needs and would force project scopes to be reduced.
 - b. Some changes to the timing of projects may be necessary to handle the volume of projects.
 - c. Solicit private donations to lower the Town’s cost.

2. Provide more cash portion so more projects can be funded.
 - a. Impact – can be financed by lowering the operating budget, raising the capital tax levy, or using available funds in the emergency capital fund or the unallocated fund account.
 - i. Lowering the operating budget typically requires staff reductions which have been challenging. However, several line items will continue to be variable and can have a bottom-line impact: pension contribution, which is currently forecast to decline, healthcare costs increasing, and wage increases.
 - ii. If the increased contribution comes from property taxes, it is in the base tax amount for future years and can be raised yearly without increasing the mill rate.
 - iii. If fund accounts are used, the increased contribution is a one-time contribution in that year.

3. Issue some/all debt with longer maturities than five years
Impact – principal repayments for some projects can be spread over a longer, extended period so that more projects can be started sooner. The concern is that the town will not be disciplined to only use the available debt capacity for necessary projects.

The BET needs to evaluate and use all these tools to meet better the needs identified in the capital plan.

Appendix L
BOND RATINGS

Greenwich Municipal Bond Advisor

There are Three Policy Limits in the BET Debt Policy:

Debt as a percent of the Total Expenses (limit is currently 11%); Capital projects funded by Capital Tax Levy (limit is currently 10%); and Outstanding Debt as a percent of the Grand List (limit is presently 0.75%). This policy is reviewed every two years at a minimum and was last modified in December 2020. The limits are set to abide by State statute (cannot borrow for operating costs), credit rating agency expectations, and limit debt service from overwhelming the budget. These are identified to set up necessary guardrails and maintain Greenwich's strong financial position.

The Rating Process and Scorecard System:

Greenwich has a AAA rating by S&P, Moody's, and Fitch. The Town has had an AAA rating since it started borrowing in the 2000s. The Town did little borrowing before that, so there was no need to go to a rating agency. Currently, the Town goes to S&P and Moody's, not Fitch. The Town weighed the cost of a third rating versus the benefit and decided to drop Fitch.

Moody's and S&P look at different factors and weight them differently to get an overall rating:

Economy and tax base (30%), finances (30%), financial management (20%), amount of debt including pension and OPEB liabilities (10%), and institutional framework (10%).

Institutional framework refers to state statutes and what a town can and cannot do—bonding and collective bargaining are permitted but can hurt finances. However, CT does not impose tax caps on towns, so a city has the flexibility to raise taxes that can help the financial scorecard. The agencies assign one institutional framework rating to all cities in CT, and currently, this is AA, which somewhat brings down Greenwich's overall rating.

Ninety-four cities and towns in CT are rated by Moody's, and 16 are AAA. S&P has 103 local government entities, including sewer and school districts, and 32 are AAA. Wilton, Westport, New Canaan, i.e., many towns in Fairfield are AAA. Greenwich has the most robust fundamentals.

Nationally, Moody rates 230 towns as AAA. S&P ranks 800 towns, cities, and counties, of which 50 are AAA.



Appendix M

Fairfield 14 Point Capital Request Outline

TO: Board of Selectmen, Board of Finance, RTM

FROM:

SUBJECT:

DATE:

- I. **Background:**
- II. **Purpose & Justification**
- III. **Detailed Description of Proposal**
- IV. **Reliability of Estimated Cost**
- V. **Increased Efficiency:**
- VI. **Additional Long-Range Costs:**
- VII. **Additional Use or Demand on Existing Facilities**
- VIII. **Alternates to this request**
- IX. **Safety and Loss Control**
- X. **Environmental Considerations**
- XI. **Insurance**
- XII. **Financing**
- XIII. **Other Considerations**
- XIV. **Other Approvals**

Appendix N

Blum Shapiro Executive Summary



Blum shapiro 2_2019
Executive Summary C

Greenwich Public Schools

Capital Project Operational Assessment

Executive Summary
Findings and Recommendations

Final Report
February 2019