



TOWN OF GREENWICH

Office of First Selectman (203) 622-7710 Fax (203) 622-3793
Town Hall- 101 Field Point Road - Greenwich, CT 06830
E-Mail: ptesei@greenwichct.org

Peter J. Tesei
First Selectman

Recommended Town of Greenwich Budget for Fiscal Year July 1, 2011 – June 30, 2012

February 7, 2011

Dear Members of the BET Budget Committee,

I am pleased to transmit the recommended budget for the Fiscal Year commencing on July 1, 2011 and ending on June 30, 2012.

This recommended budget was formulated by town departments, the Board of Education and the First Selectman's office pursuant to Town Charter and in accordance with the Board of Estimate and Taxation Budget Guidelines that were approved on November 15, 2010.

I commend the work of the Budget Director, Town Administrator, Special Projects Coordinator, the Assistant to the First Selectman and the professional staff of the Town and Schools administration for working together to bring this recommended budget to you. This budget continues to provide essential funding for our public and life safety services, continues to support our excellent school system, and maintains the Town's ongoing infrastructure maintenance and improvement projects.

The objective of this proposed budget is to maintain the value that has come to characterize life within Greenwich. The residents of Greenwich appreciate and respect the services our municipal government and public school system provide. Life safety, educational excellence, the maintenance of our infrastructure, and the protection of residents health are all essential services contributing to the value of a Greenwich residency. Taxes and services, and achieving a balance between the two, are goals that we annually strive to attain. As a Town, we have been successful in balancing these competing forces and it has resulted in our ability to withstand the economic downturn. While many other communities did not take the steps we did in 2009 and 2010 to ease the impact of the economic conditions, we did, and we are better positioned today as a result.

This year's budget reflects gradual growth in our revenues and increasing costs for our pension and health care obligations. These continue to be the main issues that challenge our budget. This transmittal highlights the difficulties that confront us and outlines the steps I have taken to address them.

Economic Impact on 2011-2012 Budget

The economic stresses of the past two years, while less of a factor in the preparation of this budget, remain as important constraints and clearly continue to impact many of our residents. Last year we projected that revenues would be significantly less than what had been received in previous years and would remain flat until there was some improvement in the overall economic conditions. I am pleased to report that some revenue sources have shown signs of revival. Building Permits and to a lesser extent the Conveyance Tax, have provided some welcome relief. Based upon the information available at this time we believe that our revenue sources will

increase next year by a modest \$2.4 million dollars. We begin this year's budget preparation however, with the knowledge that our pension obligations will again increase from \$10.74 million to \$14.49 million or \$3.75 million. Secondly, we project that health insurance costs for employees will increase by \$3.09 million and our capital contributions to meet debt, interest payments and capital projects will grow by a net \$3.0 million.

Therefore, prior to any consideration of any normal budget issues such as salaries, employee benefits, changes in normal operating costs and any new initiatives the budget has a financial hurdle of \$7.44 million. These will be our fundamental budget problems for the next several years.

While that is the bad news, the good news is that our efforts over the past two years to pare down our operating costs to more sustainable levels has been working quite well. Our multi year effort to move all of our employees from defined benefit pension plans to defined contribution plans has been largely successful with the exception of our public safety employees. Vacancy control has enabled us to save needed funds and has given us the opportunity to reconsider the need for each position. Department heads have been asked to be frugal with their expenditures and they have been very supportive of this endeavor. During the past two years the members of the BET have been particularly conscious of the Town's spending rate. I think you will join me in congratulating our staff in heeding the needs of the Town during this difficult period. The net result of this joint effort is that while we have significant costs to overcome our work during the past two years have enabled me to present to you a budget that is below the guidelines that you promulgated. The budget that is before you proposes a **2.87%** mill rate increase for next fiscal year.

I am particularly pleased that the Town's portion of the Budget submitted tonight shows a 1.39% increase over last year. This increase is actually overstated since next year's budget includes two items that the BET had placed in Fixed Charges last year. These were the pay raises for the fifty (50) non represented managerial and confidential staff that were approved after the budget was adopted and secondly, the salaries for the eleven (11) vacant positions in the Town budget that the BET made conditional. During the past year most of these positions have been filled while several are now being proposed for elimination. If you segregate these expenses to permit a budget to budget comparison you will see that the percentage increase on the Town portion of the budget is actually **one half of one percent (.51%)**. During the past four years we have been able to reduce the number of full-time positions in the General Fund by over forty nine (49). I think this speaks very favorably to the hard work and cost savings that the Town department heads and employees have undertaken over the past two and a half years.

I would be remiss if I also did not report on the status of the early retirement incentive program that we offered in 2009. I am pleased to report that as of December 31, 2010, eighteen months into the program, that Town has realized savings of over \$3.43 million dollars. This represents wages not paid and lower fringe benefits for those positions that we have elected to fill. The total cost of the program was \$2.79 million and, as of last summer, we achieved breakeven. Thereafter we have been achieving a regular monthly savings. I anticipate that the program will continue to be of financial benefit to the Town and will accrue savings on a monthly basis of at least \$100,000.

Other steps we have taken to manage the budget include our ongoing efforts to negotiate wage freezes with all of our employee unions. This year our Fire Union agreed to such a freeze following binding arbitration and we expect our Police Union to also agree after a similar process. Ongoing negotiations with other labor groups are predicated on nominal pay raises that are supported by cost of living factors and labor savings that recognize today's economic conditions. Other ongoing initiatives to save on Town expenses include the work of our Purchasing Department. This year our most noteworthy action was the use of a reverse auction technique to purchase natural gas through the Capital Region Council of Governments. Joan Sullivan, our Purchasing Director, was able to secure for the Town and school district a three year agreement that will save Greenwich a total of \$735,000 on our natural gas purchases over this period.

Another initiative that our Public Works Department has been working on during the past year is moving to a new recycling program called “Single Stream”. Under this program all recyclables; including glass, plastic, paper and metals will be placed in a common bin for pickup. In other communities that have adopted this strategy the amount of recycling material that has been collected has significantly increased. We believe that such a program will also have similar benefits for the Town and are working diligently towards implementing such a system by this summer. This program will not only increase the amount of recyclables and the revenue that we receive for these products but will also consequentially decrease the amount of garbage that is collected and disposed of at a considerable savings to the Greenwich taxpayer. I am hopeful that next year’s budget will fully reflect the benefits of this initiative.

The proposed budget does include a number of modest initiatives that will increase our costs but I think you will find are worthy of funding. These include adding another civil engineer to our Department of Public Works. It has been clear to me that one of the problems we have with our capital projects is the need for a sufficient number of trained staff to oversee and monitor all of the many assignments we give them annually. Without the necessary staff our capital program cannot move forward as expeditiously as is desirable. Secondly, within the Capital Budget is a proposal for a new program to address Town trees that are in need of removal or pruning. The “Trees at Risk” program is designed to be completed over a three year period by outside contractors and will when complete bring the number of trees that require service to a more manageable level. I believe this is a service that will be beneficial from a public safety point of view, from the prospective of decreasing the loss of public utility services during storm events and will decrease the Town’s identified liabilities.

I believe that as a result of these and many other actions that each department has taken to improve and economize on our services that we will end the 10/11 fiscal year with a surplus of approximately \$10.0 million dollars. While we are gratified by this expected result we are committed to continue our efforts to operate the Town in as efficient and economical fashion as we can to better serve the interests of our citizenry. The Town’s Department Heads and Appointing Authorities should be commended for their actions to jointly achieve this goal and I am sure you join with me in acknowledging their efforts.

2011-2012 Recommended Budget compared to Current Year

The recommended **General Fund budget of \$357,389,548** represents **an increase of \$16,561,750 or 4.86 percent from the FY11 budget as adopted by the Representative Town Meeting**. The four major segments of the budget are:

<u>Segment</u>	<u>Fiscal 2011</u>	<u>Fiscal 2012</u>	<u>% Change</u>
Town Services	\$102,463,796	\$103,885,225	1.39%
Education	131,191,299	135,457,213	3.25%
Capital	26,000,000	32,000,000	23.08%
Fixed Charges	<u>81,172,703</u>	<u>86,047,110</u>	<u>6.00%</u>
Totals	\$340,827,798	\$357,389,548	4.86%

Revenue

Revenues for FY 11/12 are expected to increase by \$2.423 million or 5.59%. This represents increases in many revenue categories but primarily from Building Permits, the Conveyance Tax, permit fees and recreation charges. One significant revenue that we project to be dropping is State educational aid. Based upon the loss of Federal Stimulus funds we are projecting that State educational aid will decrease by \$.489 million.

General Government

Many of the Departments falling in this category provide direct services to the residents of the Town. The proposed budget includes an overall 1.39% increase from the current year appropriations. As I mentioned in my opening statement the increase is actually .51% when charges that were budgeted in Fixed Charges last year and are now located in this section are factored out. I have highlighted some of the Departments within General Government where a noteworthy change is taking place.

Code 104 – Emergency Operations

For FY 2011-2012 all of the increase is located in the number of hours that we feel we need to provide a minimum level of coverage. From July 2010 through February 2011 we found it necessary to open the Emergency Operations Center (EOC) six times to meet the needs of the community. The EOC opened during flooding conditions, snow storms and last March due to the damage caused by high winds and the loss of electricity to large portions of the Town. These additional hours are required to meet the needs of the Town for good emergency planning, coverage during storm events and to assist in obtaining Federal and State financial aid if and when it is available.

Code 134 – Information Technology

IT's budget reflects several decisions made last year that become an operational expense this year. These include the growth in the number of PC's at the new Police Headquarters and the need to cover the rental cost of their software. Secondly, annual fees for the new City View software and the Document Imaging software are now included in this budget. Finally, service agreements for the many scanners that were included in the Document Imaging program are now included in our maintenance lines.

Code 150 – Town Clerk

The changes in the Town Clerk's budget is an example of the funds that were moved by the BET last year for a vacant full/time position into fixed charges. This year the funds are returned to the operating budget to fund a new part/time clerk position. You will note that the part/time position appears under Temporary Salaries and the full time funds that had been in Fixed Charges are eliminated.

Code 161 – Planning & Zoning Board of Appeals

During the year the Planning Commission elected to take over responsibility of operating and overseeing the zoning inspection role. This necessitated the transferring of the positions that had been previously budgeted under the Building Inspector to this account. Please note that one of the zoning inspector positions held within Fixed Charges by the BET is shown as being restored to this account.

Code 171 – Planning & Zoning Commission

The Planning and Zoning Department expects that the theme of the 2011/12 fiscal year will be the continuation of implementing the action items in the 2009 Plan of Conservation and Development (POCD). This means working with the five POCD committees and other town departments in developing plans and proposals as needed. A key element of this effort will be freeing up sufficient staff and time to take on these additional work assignments and of course, having sufficient funds available to hire appropriate consultants on a selective basis to carry out this responsibility. Other assignments that are anticipated include the following:

- Work with the Cos Cob Associations, RTM members and residents and hire consultants to develop their Cos Cob Neighborhood Plan (modeled after the Byram Plan) for short and long term projects to address their needs and concerns.
- Continue to update the Zoning Regulations for in particular the Soil and Erosion Control Tree Preservation sections. Working with DPW, develop new regulations reflecting their new Drainage Manual, Low Impact Development as required to comply with Phase II for Stormwater Best Management Practices and as recommended in the 2009 POCD
- Work with DPW to update the 1954 Excavation and Fill Ordinance and present to the RTM for adoption.
- Adopt new Lot coverage limit regulations for all residential zones
- Work with the ZEO and Zoning Enforcement staff to implement new processes for Zoning permits and Nuisances online with City View and GIS
- Work with Downtown POCD Committee to finalize Downtown Plan and provide support and help with work items.

Code – 172 Conservation Commission

The one item of note within this budget is the transfer of \$35,000 from Parks and Recreation to Conservation to administer a geese program that affects Greenwich parks and ball fields. The balance of the budget is essentially flat.

Code – 196 Senior Center

Next year's budget request has no staffing changes from the current budget. The full-time Program coordinator is in place and Senior Center program participation has increased 15%. The food service is staffed by a full time Teamsters Cook I (the position was restructured from Cook II during this current year due to a vacancy), two part-time GMEA Food Service Workers, with management provided by Morrison Food Management. With the addition of Morrison management this current year, the food service now complies with the requirements of sections 19-13 B42(S)(4), B48(j)(3), and B49(t)(3), Qualified Food Operator, of the Public Health Code of the State of Connecticut.

Fire

Code 201 Fire Department – Administration

Code 202 Fire Department – Training

Code 204 Fire Marshal

Code 205 Fire Fighting Force

Code 208 Fire Department – Administration – Volunteer Recruitment & Retention

The Fire Department budget reflects no additional positions for the 2011-2012 fiscal year. All divisions will be functional and services will remain intact with the recommended appropriation for 2011-2012. The 2011-2012 Fire Department recommended budget of \$12,738,747 reflects a 1.4% increase over the current fiscal year's budget of \$12,565,204.

The department is pleased that we have qualified for National recognition for the fourth consecutive year by virtue of having zero fire deaths related to structural fires.

The operating budget includes salary funding and equipment for firefighters as well as costs associated with our volunteer firefighting services.

The line item for water service reflects a 3.5% increase of \$32,722. This reflects anticipated rate increases by the Aquarion Water Company.

The Capital Budget includes funding necessary to continue and complete our public safety covenant with the residents of Greenwich. The most important public safety priority is the need to address the failing Central Fire Station/Headquarters. The Public Works Department continues to move this project forward with an eye towards efficiency and public safety. The Central Fire Station is the cornerstone of our overall protection plan and is critical to the infrastructure of our Town. It is important to note that within a 1 mile radius of the station over 10 billion dollars of residential and commercial property is protected. This represents over 20% of the property within Greenwich. The apparatus from Central Station has a greater response responsibility than any of our substations and is the anchor of our fire safety services within the community.

The Capital budget also includes the first of a three year replacement program for aging firefighter self contained breathing apparatus (SCBA). The "air pack" as they are called in the industry, allow firefighters to enter smoke and hazardous atmospheres while breathing air contained on their back pack. SCBA units are one of the most important pieces of safety equipment in the firefighter's arsenal.

The department is also pleased that the dry hydrant program received an additional grant of \$250,000 from the State of Connecticut. This grant will enable us to continue our efforts to develop additional water sources in non-hydrant areas. To date the State has approved \$450,000 for the dry hydrant program. These safety improvements combined with the recently implemented combined public safety dispatch system will continue our goal of adding to the quality of life for our residents.

The deferral of the fire training facility and the replacement for Engine 4 will provide challenges for the department moving forward. Deferral of replacement apparatus places a strain on all apparatus and difficulty in maintaining the current fleet. Live burn training for firefighter's will need to be held at the Stamford training facility at an additional cost to the department.

Police

Code 211 – Police Department – Administration

Code 213 – Police Department – General Services
Code 216 – Police Department – Criminal Investigations
Code 217 – Police Department – Uniformed Patrol

The 2011-2012 Police Department recommended budget of \$18,586,122 reflects a 2.4% increase over the current fiscal year's budget of \$18,158,390.

This budget attempts to meet public safety needs without a reduction in services while maintaining, necessary equipment and resources at levels that are below desirable levels. For the previous three consecutive years, the department's budget had shown significant reductions in non-salary expenditures. These reductions have already resulted in reduced training levels and the depletion of stockpiles of resources, including uniforms, weapons and equipment. This trend must be reversed. The significant spending reductions over the past three years were offset in large part by expanded use of asset forfeiture funds to purchase necessary equipment that otherwise would not be available to us. These accounts are therefore not as funded as they have been in the past. The non-salary sections of the budget only encompass 5.9% of the total operating expenses. If these were to be reduced much further, we would have officers policing without necessary equipment and/or training.

In July of the fiscal year, the department intends to promote one Captain to the rank of Deputy Chief. This will necessitate a reorganization from four to three police divisions (and one civilian division). This will have only a minor fiscal impact on the department, but all reorganizations have significant impact on personnel, morale, and operations. We have successfully navigated reorganizations before, and while recognizing that they should never be taken lightly, we anticipate transitioning with no impact on services.

Department of Public Works

Code 301 – DPW Administration
Code 302 – DPW Engineering Division
Code 312 – DPW Highway – Streets & Bridges
Code 321 – Waste Disposal
Code 345 – Building Construction and Maintenance
Code 351 – Building Inspection
Code 361 – Sewer Division (Non-General Fund)

The 2011-2012 Department of Public Works (DPW) recommended General Fund budget of \$19,928,934 reflects a .75% decrease compared to the current fiscal year's budget. Overall, general fund budget is back to 2006/2007 levels.

DPW continues to implement its Capital Improvement Program for Town infrastructure such as Town buildings, roads, bridges, drainage systems, wastewater treatment systems, solid waste disposal facilities, and related areas. In addition to this work, DPW maintains this infrastructure throughout the year. Fiscal year 2010-2011 saw DPW still operating with positions open and/or frozen, making it a challenging year. DPW was successful in filling the Chief Engineer position in January 2011, which will give the Department a needed boost in its ability to execute capital projects. As in FY 2010-2011, the proposed FY 11/12 capital budget continues to focus predominantly on existing infrastructure, in keeping with current economic constraints.

DPW's main mission is to care for Town infrastructure and administer critical programs such as building permits, inspections, and proper waste disposal. Many of its activities are required by regulation: from the Grass Island Wastewater Treatment Plant's permit to the Phase 2 stormwater regulations. Few services DPW provides are truly optional. DPW continues to juggle priorities to manage the broad range of infrastructure it must address throughout Town with more specific, individual customer requests. Time consuming projects such as new sidewalks continue to be limited to provide staff time for other important projects such as bridges and drainage.

Discretionary programs, such as Neighborhood Traffic Calming (NTCP) continue to be on hold. Operational programs continue to be reviewed for improvements, such as leaf collection. Highway staff need time to dedicate to important duties such as drainage system maintenance and sidewalk rehabilitation.

A significant shift in the Town's recycling program, moving from dual stream to single stream recycling will be a highlight of FY 11-12. With this shift, residents will be able to put all recyclables together for pickup, and the program will increase the materials which may be recycled. This should help to reduce the solid waste the Town handles and which must be sent to incineration – every ton of solid waste reduced is a savings to the Town, as recyclables are significantly less expensive to handle. The Holly Hill Master Plan work is continuing with some stormwater improvements to be built in the spring and with preliminary design and permitting work underway. In FY 11-12, DPW anticipates installing a new scale to allow 100 yard trailers to exit through the bakery gate to Hamilton Avenue, as well as gearing up for other site improvements based on site survey work. The large snow piles at Holly Hill will mean that some work may be delayed for snow melt!

While DPW has interest in new technologies and approaches, such as applying low impact development (LID) techniques to its own projects, reduced staff and resources continue to make it more difficult to take on such work. However, in FY 11-12, DPW is hoping to pursue some demonstration projects, in conjunction with its new drainage manual, to pilot and demonstrate LID, in conjunction with its ongoing Phase 2 stormwater compliance activities.

Furthermore, both existing and anticipated stormwater management requirements continue to change the way stormwater systems are maintained. In FY 10-11, DPW has been implementing a computerized asset management system to help prioritize work, track asset condition, and evaluate maintenance program effectiveness. Significant work will continue with this program into FY 11-12. Implementing such a program throughout a department and at many different staff levels is a challenging project.

Outside Funding Sources

While the 2010 Federal stimulus money is gone, DPW continues to look for funding sources. DPW works closely with the Southwest Regional Planning Agency (SWRPA) and has been pursuing additional funds for paving, as well as keeping a lookout for other projects which may be funded through funds funneled through SWRPA. DPW also continues to look for potential grants for other projects it may be pursuing, such as wastewater or stormwater improvements.

Building Construction & Maintenance

DPW is anticipating executing the Central Fire Station renovation as well as several other important renovation and maintenance projects in FY 11-12. In order to provide additional

information regarding DPW's recommended approach to renovating the Central Fire Station, DPW used the services of several outside consultants. They included architects and engineers, and included a firm with extensive historical renovation experience. In order to balance the modern operating needs of today's Fire Department with site limitations, DPW recommended that the CFS be demolished and a new building with a smaller footprint be built on the site. The new building could replicate the existing building in design, or can be a new design in keeping with the Senior Center and Police Headquarters.

Fleet

The 2011-2012 Fleet Department recommended budget of \$2,944,975 reflects a 3.7% increase over the current fiscal year budget of \$2,838,750. Major increases are in the areas of fuels, auto parts and tires. We will continue to offset some of these increases by decreasing the use of outside vendors and performing more work in-house as staffing and workload allows.

For FY 11/12, the Fleet Department will continue to work with the major user departments to standardize equipment specifications with the goal of streamlining the fleet to provide better utilization of equipment. This process was successfully started in FY 10/11. We will continue the purchase of hybrid vehicles as well as pursue state grant monies to help offset the additional purchase costs.

Health

Code 401 – Health Administration

Code 402 – Health Department – Community Health

Code 405 – Health Department – Environmental Health

Code 415 – Health Department – Adult, Maternal

Code 425 – Health Department Laboratory

The 2011-2012 Health Department budget of \$2,275,243 reflects a 5.62% (\$121,109) increase over the current fiscal year's budget (2010/2011) of \$2,154,134. All personnel funded through grants are included with 100% benefit costs. This budget reflects the elimination of the Community Health Planning Division (402) and the addition of a Public Health Emergency Planning Coordinator position for operations within the Health Department for the 11/12 fiscal year.

Code – 440 Contribution to External Entities

The 2011-2012 budget for External Entities reflects an increase of \$126,947 or 2.7%. It includes the Town's contributions to Greenwich Emergency Medical Service (GEMS), Transportation Association of Greenwich (TAG), the Bruce Museum and to Channel 79.

Greenwich Emergency Medical Services – GEMS

The 2011-2012 annual contribution from the Town is a recommended \$3,752,441 that reflects a 2.7% increase over the current year. The budget includes continuation of funding necessary to maintain coverage along the Northwest quadrant of Greenwich to 24 hours a day, seven days a week, which was initiated in the current fiscal year. This service has proven successful in significantly reducing response times in the area. The increase covers year-to-year normal operating expenses and is within the budget guidelines.

Nathaniel Witherell

For FY 2012, the Nathaniel Witherell (TNW) has proposed an expense budget of \$24,395,634. This reflects a 7.9% increase over the previous year's budget of \$22,617,095. TNW also estimates that revenues for the year will total \$23,506,493. As of July 1, 2010 TNW had a fund balance of \$566,841. Consequently, if there are no changes in the proposed TNW's 2011/12 budget a fund balance deficit is anticipated at the end of the year of \$322,300. With the receipt of a new Certificate of Need (CON) I am looking forward to working with the Board of Nathaniel Witherell, the members of the BET and the RTM to bring to fruition the renovation of the facility.

Social Services

The 2011-2012 Department of Social Services Budget is \$3,060,500, which represents an increase of \$88,158 or 3.0%. The recommended Budget for FY 2011-2012 for external entities is \$219,000 and remains flat, although the distribution of funding allocates \$24,000 to the YWCA Domestic Abuse Services program. I endorse this reallocation and believe that additional funding is warranted for this worthy program. I consider this mix of programs and services presented as appropriate to meet the needs of our residents while remaining within the budgeted funds.

Schools

Code 600 – Administration

Code 620 – Instruction

Code 640 – Operation of Plants

Code 660 – Pupil Transportation

Code 675 – Student Body Activities.

The 2011-2012 overall Schools recommended budget of \$135,457,213 represents a 3.25% increase over the current year's appropriation of \$131,191,299.

Despite the challenges of preparing this recommended budget for this year the District proposed an operating budget that will maintain programs and services that are geared to improve achievement and is within BET Guideline for fiscal year 2011/12.

The Schools' proposed budget maintains a student to certified staff ratio of 10.2:1, and sustains and focuses on improvement strategies already underway, without introducing new initiatives. The proposed budget continues to place the primary focus on classroom instruction and maximizing budgetary allocations to programs and services that improve student outcomes

Libraries

Code 701 – Greenwich Library

Code 702 – Peterson Foundation

Code 710 – Perrot Memorial Library

The 2011-2012 recommended Greenwich Library Town operating budget of \$7,447,258 represents a 1.3% increase over the current year's appropriation of \$7,351,873; the Peterson Foundation operating budget of \$1,094,564 represents a 9.6% decrease from the current year's distribution of \$1,210,324.

2010-2011 was an extraordinary year at Greenwich Library. The main library and its two branches experienced unprecedented use following the March 2010 nor'easter. During the week of March 14 library staff accommodated the heavy influx of patrons (4,700 visits on March 15, more than double the average daily door count) who used the library as a touchstone for community as well as a refuge for heat, water, food, electricity and internet access when 66% of Greenwich residents were left without power.

Greenwich Library was again awarded *Library Journal's* highest Five Star Library status in its nationwide ranking of libraries. Usage of the library rose by every major measurement after double digit growth the previous year. Patron visits grew by 6% to 777,616; circulation rose another 4% to 1,546,762; the redesigned website—referred to by many as a virtual branch— attracted 1.1 million hits for a 27% increase in visits; and reference assistance rose another 5% to 199,633.

E-books, e-readers, and mobile devices are changing people's reading habits and the library continues to incorporate digital formats to provide a wide variety of choices for the public.

Patrons were drawn to the library by new programming. *AuthorsLive@GreenwichLibrary* featured appearances by bestselling authors who discussed their personal process of book writing. In addition, collaborative planning with many community agencies gained momentum for the March 2011 *Greenwich Reads Together*, a town-wide reading initiative to unite Greenwich residents under a single book—The Book Thief by Markus Zusak—through group discussions, lectures, films and programs.

To offset rising usage and redeploy staff to other responsibilities the library introduced operational efficiencies. The self checkout units installed on each floor of the main library and at each of the branches have allowed the staff to concentrate on checking material in and returning it to the shelves quickly. In addition, a print management system was installed to reduce paper, toner and recycling costs and to charge patrons for their printing. This is a new source of revenue for the Town.

Parks and Recreation

Code 801 – Parks and Recreation Administration

Code 811 – Parks and Recreation – Recreation Superintendent

Code 812 – Parks and Recreation – Organized Recreation

Code 814 – Parks and Recreation – Eastern Civic Center

Code 817 – Bendheim Western Greenwich Civic Center

Code 821 – Parks and Trees – Administration

Code 822 – Parks and Trees – Parks/Playgrounds/Fields

Code 823 – Parks and Trees – Administration

Code 825 – Parks and Trees – Equipment Maintenance

Code 829 – Parks and Trees – Trees

Code 831 – Marine – Supervision

Code 832 – Marine - Maintenance

Code 833 – Marine – Beaches

Code 834 – Marine – Harbors and Boating Facilities

The 2011-2012 Parks and Recreation recommended budget of \$9,784,232 represents a 2.2% increase over prior year's appropriation of \$9,573,306.

This budget includes a new Ranger Program initiative at a cost of \$60,144. It will assign “safety and compliance” personnel at Greenwich Point, Byram, Island Beach, Captain Island and the Island Beach Dock. This program spans the season from May through September 15th.

In accordance with the Budget Guidelines set forth by the BET, the department has again examined its operation with a focus of reducing costs without impacting service deliverables to the residents of Town of Greenwich. This examination has resulted in a reduction of one full time employee, and a minor reduction in the seasonal workforce, and reduction in marine maintenance category while including the impact of replacing the Superintendent of Marine Facilities and Operations whose salary was reflected in the Towns Fixed Charges and not the 2010-2011 Parks and Recreation Budget.

On the revenue side of the equation, the department underwent an extensive review of its program and revenue sources and the accompanying fee schedule, recommending adjustments where appropriate. The resulting fee schedule was forwarded to the Board of Selectmen for review and approval.

Revenues are anticipated at \$4,105,078, an increase of 5.1% from \$3,963,407 in 2010-2011.

Fixed Charges

Healthcare

Growing healthcare costs in the midst of the existing economic conditions has continued to create issues for our benefit strategies for next fiscal year. Healthcare costs are projected to increase by \$3.09 million or a 7.5% increase over the Town’s costs for FY 10/11.

The Town continues to work through our contract negotiations with our unions to increase the cost share but the fundamental problem is the cost of these services are growing far in excess of other costs that we confront. The Town has and will continue to work with our insurance brokers to obtain the best rates for our various plans of coverage. Lowering claims experience and encouraging healthy behavior through employee wellness continue to be important focuses.

The management of our healthcare program and their associated costs has been and will be one of our most challenging tasks. It is clear that the cost implications of these benefits going forward are so significant that we can not afford to be complacent in mitigating these future obligations.

Pension Contribution

The Town’s pension contribution in FY11/12 will be \$14.570 million which represents an increase of \$3.748 million or 34.9% from FY11. The Town’s independent actuary annually evaluates the plan to determine our annual required contribution (ARC) needs based on our actuarial assumptions. This includes our obligations and the previous year’s investment returns. The sharp decline experienced in the stock market in FY09 is the primary reason for the large increases we have experienced during the past two years. Based upon conversations with our actuary we can expect our contributions to our pension fund to continue to grow for the next few years until it reaches in the neighborhood of \$19.0 to \$20.0 million.

Other Post Employment Benefits (OPEB) Contribution

Last year, the Town appropriated \$1.685 million dollars from the General Fund of which OPEB paid back \$800,000 for implicit costs resulting in a net contribution of \$885,000. OPEB assets increased last year from \$16.872 million to \$17.102 million. I am proposing no change in contribution for the 2011/12 fiscal year, Investment assets in the OPEB Trust Fund have continued to increase due to improvement in general market conditions resulting in an increased balance of \$21,286,562 as of January 31, 2011.

Risk Fund

The Risk Fund has a balance of approximately, \$1.7 million dollars as of January 31, 2011. The Town is currently receiving FEMA reimbursements from the March 2010 storms and given the claims that are presently known and the likely associated payouts over the next eighteen months, I recommend that we appropriate \$1,000,000 to bring the Risk Fund up to the desired \$3,000,000 balance.

Other Fixed Charges

Other fixed costs are expected to increase by \$535,461 or 2.25%. The majority of this item covers costs such as Social Security, Workers Compensation, liability and property insurance, debt repayments and other employee benefits.

2011/12 Capital Plan

The recommended Capital budget totals \$76,465,000.

This year's capital program is in some respects a repeat of last year's program. Last year the issue was the ability of the Town to continue our normal capital investments in the replacement and the maintenance of our infrastructure while adding two large capital projects – the Central Fire Station and the High School Auditorium and Music Instructional Space (MISA). While there is widespread support for both projects there were a number of obstacles that ultimately delayed both projects until this year. The Central Fire Station is rated #2 on our list of projects while MISA is rated #3.

The methodology that we followed to rate projects for inclusion in this years plan is the same that we have followed for many years. That is top priority was given to ongoing maintenance programs that the School and Town have funded over the past few years, existing projects that were underway and health and safety projects that have been proposed.

Maintaining the Town's infrastructure remains one of my top priorities and is reflected in the type of projects that you will see recommended. Below is a summary of the some of the Capital Projects that I recommend for next year.

Stormwater Master Planning

Stormwater master plans are designed to assess the hydrology / hydraulics of the Town's major river systems and their ability to handle storm flows under current and full build-out conditions. As applied to the Town's six major watersheds, the studies do not necessarily evaluate specific drainage network (piping networks) capacities. Evaluating individual drainage systems within these watersheds is a more detailed process and may be pursued later based on need and funding.

The areas of Town south of the Town's riverine watersheds, being referred to as coastal for DPW purposes, are also to be studied. In these areas the focus is on the drainage network and its ability to convey flows to the Sound.

Stormwater master plans result in a list of potential capital improvements to provide increased protection to areas within the watersheds, typically to the areas in the flood plains along the rivers. These potential projects are then evaluated to determine their priority to rank them with respect to the needs across the Town. In some cases, particularly problematic drainage systems within each watershed have been studied as funds have permitted.

Future capital planning and prioritization is determined building on techniques employed in other municipalities throughout the nation as well as the Town's existing capital project ranking system. Working with the Flood and Erosion and Control Board (FECB), DPW developed a stormwater project prioritization process. Projects affecting public safety or where structural failure is anticipated are given priority, and all potential projects are being reviewed with representatives from the Town's emergency services agencies, including Fire, Police, and GEMS.

Those projects which do not meet these high level criteria are evaluated using several factors ranging from number of parcels and acres affected to constructability and access /easement issues. While an area may be identified as having a drainage system not meeting today's design standards, that does not necessarily mean that its system will be replaced and that it should be assumed to be a future capital project.

In FY 10-11, DPW has been designing the Church St / Sherwood Place and Rt. 1 drainage system improvements. In addition, it has been communicating with the Connecticut Department of Transportation (CTDOT) regarding their plans to address the East Putnam Ave and Hillside Road flooding issue. DPW is reaching out to local parcel owners regarding an issue just downstream of Rt. 1 which it hopes to successfully address. DPW continues to work with the FECB in order to refine its multi-year plan using the master plan results available to date. The plan will continue to evolve as more study results become available and as DPW can work with stakeholders in particular neighborhoods regarding potential improvements.

DPW is also continuing its in-house design of stormwater system improvements. In FY 10-11 it completed and bid out improvements to the Pemberwick Park trash rack, and has been working to complete a design for improve the washout occurring along Pemberwick Road near Greenway Drive. Ideally construction of these improvements will occur in FY 11-12 with prior year's capital construction dollars. DPW performed both these designs in house in order to preserve as many Town capital dollars as possible for actual construction.

- Master Plan & study progress
 - Byram: Progress has been made in FY 10-11, as the Town and residents worked with Federal representatives to obtain funds which the Town can match to begin work with the United States Army Corps of Engineers. Basic site data and initial modeling has been completed, and DPW also conducted an additional review of today's model results against a prior report to gain a clearer understanding of potential solutions.
 - Master Plans: Brothers & Binney Brook studies have been completed, adding to the Strickland Brook and Old Greenwich Drainage System reports. Horseneck Brook is currently under study.

Future work will include reviewing the remaining coastal areas, addressing drainage network issues being identified throughout this process, and developing plans to manage the results of these studies. As noted in the CIP summary table, DPW is requesting \$500,000 to apply towards the Byram River Watershed.

As we move forward on these master plans and resulting capital plans, the work is being reviewed with the Land Use agencies, FECB, and the Town Administration. These groups will all provide input to DPW regarding potential capital projects. The projects will also be presented to the public at FECB meetings and at neighborhood meetings, as appropriate.

Sidewalk Program

DPW has designed and constructed sidewalks in Greenwich for decades. In keeping with its needs based prioritized capital plan, DPW worked with the First Selectman's Pedestrian Safety Advisory Committee (PSAC) to develop criteria for the installation of sidewalks. The PSAC was charged with reviewing the *Town Wide Inventory of Pedestrian Safety Needs* completed by the Selectmen's Pedestrian Safety Committee (SPSC) in 2006. The SPSC had been given the task of improving pedestrian safety within the Town by identifying areas where either the absence of sidewalks or the condition of existing sidewalks or other factors, such as absence of crosswalks, raised safety issues for pedestrians. In carrying out this task, the SPSC prepared the *Inventory*.

The PSAC was directed to further develop the criteria to be used in establishing a Sidewalk Master Plan, based on public need. The PSAC sought the views of Town residents by several means, including holding four public workshops at different locations within the Town, distributing a Sidewalk Need Questionnaire at the November 2008 workshops and publishing it on the Town website and maintaining a link for public comments on the Town website. After considering the work performed by the SPSC, traffic calming and Safe Routes studies, the oral and written comments received from the public and the advice of expert consultants and DPW engineers, the PSAC identified the criteria to be used in determining whether a public need exists for construction of a sidewalk on a given street within the Town.

DPW is using the results of this work to build a multi-year plan for sidewalk construction, where projects will be proposed on the basis of need and be funded in accordance with the economic climate at that time. As DPW evaluates potential projects, it is considering other important criteria such as costs, engineering issues, need for easements, construction issues, environmental concerns, as well as public safety. In the FY 11/12 budget, DPW is requesting \$1,120,000 that could be allocated to sidewalks.

Asphalt Paving Program

The proposed budget of \$2,500,000 will permit the department to continue the Asphalt Paving and Road Surface Treatments in accordance with Pavement Management Program. This work is based on a Town-wide roadway survey conducted every 5 years, and updated annually by staff, which establishes the Pavement Condition Index (PCI) for each road. Each year the department re-evaluates these Town road conditions in accordance with our Pavement Management Program. These program ratings are then used to determine which roads will be maintained and/or repaved in a given year. Roads that have PCIs rated at less than 70 – Arterials, 65 - Collectors and 55 – Locals, need to be brought up to these standards.

Bridges

FY 11-12 will see the continuation of DPW's multi year capital improvement program for Town bridges. Design work will continue on Bailiwick, Shore Road, Round Hill and Riversville Road bridges. Bridge scour work will be bid for Field Point Road / Prospect Street, which will address important repair work.

Town Wide Asbestos & Lead Program

This is an annual program to abate asbestos and lead containing materials as they are encountered in the maintenance and repair of Town owned buildings.

Formerly, each component was individually requested until the FY03/04 budget when they were combined into a single reduced request. The funds allocated in this program are totally consumed each year. The program covers the cost of material testing and abatement by a Connecticut licensed abatement contractor.

Due to the age of most of the Town buildings, asbestos and or lead is almost always present. This program addresses any potential exposure issues and minimizes the liability of the Town from the occupants or employees who may come in contact with such materials. Unfortunately, it is only when a building undergoes a total renovation that all the asbestos and or lead can be removed at one time. Funds requested for fiscal year 11/12 are \$50,000.

Sewer System Projects

DPW's Sewer Division is confronting a number of challenges as a result of the United States Environmental Protection Agency and the Connecticut Department of Environmental Protection's actions taken against the Town, resulting in a new consent decree. This decree will add to the important capital projects already planned by the Division. In order to execute this work, the Sewer Division will continue to use outside consultants, and DPW is looking into supplementing the Sewer Division with Engineering Division staff if workload permits.

This year, the Sewer Division is requesting funds for several important projects, some of which will be ready to bid this spring, but require additional funds based on issues uncovered during the design process. Furthermore, the March 2010 windstorm, which resulted in lengthy power losses throughout Town, prompted the Division to increase backup power options at the pump stations it currently has under design.

The Pump Station Rehabilitation Project is a request for \$1,200,000 to complete various tasks. This project includes back-up emergency generators at two pumping stations, electrical and control improvements at four pumping stations and additional implementation of enhancements at many of the Town's 29 pumping stations (such as back-up level control at the largest/most critical pumping stations).

Additional funds of \$850,000 are also being requested to supplement a multi-year sewer rehabilitation fund, which remaining funds will be combined with this new request to address a long standing capacity issue on South Water Street. After consideration of many design options, the most effective approach that will provide the best long term solution will require a new wet well for the South Water Street Pump Station accompanied by a new sewer line from Division Street to the South Water Pumping Station approximately 350-feet south of Berrian Place along South Water Street. This is an existing consent order driven project. Design efforts are nearing completion and we anticipate bidding this project in Spring 2011.

Force Main Improvements: Old Greenwich Common Force Main at cost of \$3,425,000. This work is related to the existing Consent Decree from the USDOJ, USEPA and CTDEP and the

pending new Consent Decree. Work includes several tasks that were outlined in the 2005 Old Greenwich Common Force Main Structural Integrity Investigation, as well as new tasks (such as replacement of an approximately 2,000 linear foot segment between Cos Cob Pumping Station and Sachem Lane), evaluation of the force main for planned rehabilitation for future capital years, etc. This force main is a critical piece of the Town's infrastructure as it serves three of the four largest pumping stations the Town maintains/operates.

Sewer Rehabilitation (Design & Construction) at various locations at a cost of \$2,452,500. This is an ongoing project that is in accordance with the Collection System Asset Management Plan that provides a roadmap for sewer rehab necessary each year over the next 19 years. This project will focus on addressing some critical large diameter sanitary sewers. With approximately 185-miles of gravity sewer, we estimate the asset (pipelines) is valued at between \$300 to 400-million. Using an expected service life of 75-years, and less than 1% replacement per year = approximately \$3 million per year needed to maintain/repair the existing infrastructure (pipelines).

Sewer Maintenance at a cost of \$200,000. This provides funding to handle emergency maintenance/replacement and/or repair of sanitary sewer system (including, but not limited to, equipment such as blowers, VFDs, pumps, generators, etc.), as well as other critical components of the sanitary sewer system not part of other major pump station or plant capital projects. This fund is used to address critical sanitary sewer components that operate 24-hours a day, 365-days a year that cannot be forecasted in our asset management plans.

Phase 1 & 2 SSES Ongoing: Private Inflow Source Removal Program at a cost of \$310,000. This work is related to the existing Consent Decree from the USDOJ, USEPA and CTDEP and is part of an ongoing program to remove clear water sources from the sanitary sewer system. The funds requested will continue the program, provide assistance with developing compliance for surcharge ordinance, develop lateral rehab program, etc.

Force Main Rehab at a cost of \$415,000. This provides funding to continue maintenance/rehabilitation on other smaller diameter existing force mains in the collection system. The goals of the project are to complete some corrosion analysis of existing force main piping at several pumping station locations and complete design for rehabilitation/replacement. The locations chosen were based on prior investigations/ small point repairs completed in 2010.

Grass Island WWTP Asset Management Maintenance; Rehabilitation & Upgrades at a total cost of \$2,340,000. There are two separate portions of this project. The first is to provide some additional funding to complete the RAS, WAS & FE Pump Upgrades and Aeration System Upgrade Projects that are currently under design and will be bid in 2011. This is to address some additional components that could not be predicted prior to this detailed design phase. The second part of this is to continue working on an area that has been identified in the Sewer Division's Asset Management Plan and our repair service records. This project will involve design of replacement for the Final Clarifier mechanical mechanisms and controls.

Collection System – Easement Machine at a cost of \$60,000. This is to purchase a piece of equipment that would be used on hard to access areas that contain existing Town sanitary sewers (in easements through wooded areas, backyard, etc.). Currently, the Sewer Division does not have equipment that can access these hard to reach areas and maintenance of those areas is very difficult.

Parks & Recreation Capital Items

Parks Lawnmower at a cost of \$18,000 reflects a planned replacement program for one unit in our over ten year old aging mower inventory. The plan calls for scheduled replacement of one mower every third year.

Leaf Vacuum – Truck Loader at a cost of \$25,000. This equipment is a 65 HP trailer mounted leaf vacuum replacing a 30 year old leaf vacuum.

Tow behind Wood Chipper at a cost of \$45,000 replaces a 15 year old unit. This chipper is capable of chipping 15 inch diameter stock an increase over the current 12 inch capacity and contains a cable winch to mechanically draw stock into the unit rather than using manual labor. This increase in capacity coupled with a cable winch will yield increase productivity.

Playground Inspection & Upgrade Program at a cost of \$25,000. This is a continuation of previously approved annual maintenance programs. Includes annual inspections by certified inspector and minor repairs to individual components. This program has been designed to provide a safe and high quality playscapes for the 32 playgrounds in Town.

School Landscape Program at a cost of \$50,000 is a new initiative designed to upgrade school landscapes to a higher level of aesthetic function and appeal. The project will address two schools per year starting with Central Middle School and the Cos Cob Elementary school until the 15 schools have been addressed.

Tennis & Basketball Maintenance Program at a cost of \$50,000. This is a continuation of previously approved annual maintenance programs. Includes remediation of complete units, court resurfacing, nets, posts, fencing and lighting as necessary.

Trees at Risk Program is a new initiative that is expected to span four fiscal years. This program is designed to remove and replant those trees along the town's major arteries which have been identified as most prone to succumb to a storm (trees at risk). 740 trees out of total 1,100 at risk trees are located along major arteries. The outsourcing cost for the first year is \$293,000 and will require agreement by the Teamster's Union.

Renovation, Maint & Organic Turf Program at a cost of \$300,000. This project combines two projects requested in prior years. Due to the knowledge gained in Organic Turf management over the last several years allows the replacement of the Organic Turf Program (previously \$275,000) and the Renovation and Maintenance Program for Athletic Fields (previously \$189,000) at a significant reduction in cost.

Mobile Surf Rake at a cost of \$50,000. This tow behind mobile rake replaces an existing rake which has reached the end of its service life.

Ferry Lifejacket Replacement (USCG Mandate) at a cost of \$15,000. This is a continuation of previously approved replacement program covering 225 lifejackets in 2011-2012. Funding for the final complement of 236 lifejackets will be requested in the following budget cycle. Each ferry is required to carry a certain complement of approved life vests in accordance with its' vessel certificate. Many existing life vests have been determined to be deficient and must be replaced in order to pass the next vessel inspection.

Ferry Drydock Inspection & Maintenance at a cost of \$250,000. Each of the three town owned ferries and town owned landing craft must undergo a US Coast Guard mandated dry dock

inspection every other year. This project includes the anticipated cost of repair and maintenance mandated by the Coast Guard before it will be certified for operation.

Great Captain Island Dock Extension at a cost of \$50,000 reflects the cost for permitting actual extension work. Due to natural sloping of the shoreline, the extension of the dock will allow ferry boats greater flexibility for docking which is currently restricted by tidal conditions resulting in improved service schedules for users of the ferry system.

Great Captain Island Dock Repairs at a cost of \$100,000. This project provides the funds necessary for the repairs to the dock superstructure, decking and handrails outlined as a result of recent professional inspection.

Byram Seawall Repair at a cost of \$80,000. Covers the repair of the seawalls at Byram Beach and Byram Marina damaged over the years due to storms and wave action. This project was submitted to FEMA for March 13th storm reimbursement consideration.

Byram Jetty Repair at a cost of \$25,000. This project reflects the cost of an engineering study and application for permitting to the DEP and Army Corps of Engineers. This project was submitted to FEMA for March 13th storm reimbursement consideration.

Marina Pier Rebuilding Program at a cost of \$50,000. This is a continuation of the multi year program to rebuild and maintain pier structures at town marinas.

Byram Finger Slips at a cost of \$25,000 reflects the cost of engineering study and permitting process to redesign the Byram boat slips from a rope and pull system to finger docks greatly enhancing deliverables to town boaters.

Board of Education Capital Projects

The Board of Education has a number of ongoing maintenance projects that continue from year to year based upon the school or schools in most need. These projects are the following: doors & windows, lockers, electrical repairs and HVAC and plumbing at a cost of \$6,100,000; flooring, carpet and tile at a cost of \$1,300,000; architectural and engineering for 2012/13 projects at a cost of \$500,000; and a variety of other projects at a cost of \$837,000. Of course, the number one project for the school system this year is the construction of the High School Auditorium and Music Instructional Space (MISA) at a cost of \$28.815 million. The total cost of these recommended projects are \$37.552 million.

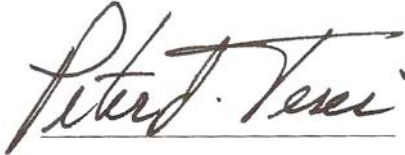
Replacement Vehicles

The Town follows a replacement program in which we evaluate and select which vehicles and trucks need to be replaced annually. Since the Town's fleet of cars, trucks and various equipment exceeds 400 individual items this is a complicated process. From a simple passenger vehicle, that our parking enforcement officer's drive daily, to a million dollar fire truck that is critical for our fire safety, the Fleet Department is responsible for its care. When the time comes that they need to be replaced it is this budget that covers these costs. The Fleet Department has recommended a budget of \$2,173,000 for this purpose.

Concluding Remarks

I would again like to thank and acknowledge the assistance and cooperation from the many Town departments and School officials in preparing this budget. The budget represents not only many hours of staff time but the culmination of many difficult decisions on where reductions or deferrals had to be made. After three years in office it is clear to me that the financial impact of the Great Recession will be with us for many years and will require a continuing series of difficult budget decisions in the years ahead. I believe that we have put in place the necessary budget controls and financial discipline to assure that we continue to operate responsibly. This budget reflects my efforts to achieve the necessary balance to protect the values that we hold so dear in the Town of Greenwich.

Respectfully submitted,

A handwritten signature in cursive script, reading "Peter J. Tesei", written in dark ink. The signature is fluid and connected, with a horizontal line underneath the name.

Peter J. Tesei