

**COMBINED BOARD OF SELECTMAN AND BOARD OF FINANCE
PUBLIC BUDGET HEARING
MINUTES OF MEETING *****DRAFT*****
MARCH 4, 2014**

Pursuant to the call and written notice, the Public Budget Hearing of the Board of Selectman and the Board of Finance was held on Tuesday, March 4, 2014 at 7:30 pm in the Board of Education Administrative Offices, Seminar Room 300, 501 Kings Highway East, Fairfield, Connecticut.

MEMBERS PRESENT

Catherine Albin, David Becker, Ken Brachfeld, James Brown, Christopher DeWitt, Thomas Flynn, Mary LeClerc, Robert Stone, James Walsh

MEMBERS ABSENT

None

ALSO PRESENT

Michael Tetreau, First Selectman, Town of Fairfield
Cristin McCarthy Vahey, Board of Selectmen, Town of Fairfield
Kevin Kiley, Board of Selectmen, Town of Fairfield
Robert Mayer, Chief Fiscal Officer, Town of Fairfield
Caitlin Bosse, Controller, Town of Fairfield and Clerk of the Board of Finance
Linda Gardiner, Budget Director, Town of Fairfield
Phillip Dwyer, Chairman, Board of Education, Town of Fairfield
David Title, Superintendent of Schools, Board of Education, Town of Fairfield
Erik Fiedler, Vice President, AON
Carlton Lindgren, Vice President, AON
Timothy Ryor, Senior Vice President, Hooker & Holcombe, Inc.

Chairman Flynn called the meeting to order at 7:34 p.m.

Mr. Tetreau led the Pledge of Allegiance.

Chairman Flynn thanked the Town and the Board of Education for all the work that was done compiling the new budgets.

SUMMARY BUDGET PRESENTATION BY FIRST SELECTMAN

Mr. Tetreau presented this item to the Boards after which followed a question/answer session. Mr. Becker requested a report listing more detail on the original town department requests. Mr. Mayer will email that information to the Boards. Mr. Becker also requested the town use a standardized set of towns as comparisons throughout the budget process.

Mr. Brown asked the Town Administration if the school related items in the town budget are handled in the same manner in other municipalities and Mr. Tetreau thought the process was the same. Mr. Brown also asked if the administration is looking into ways to increase the revenues needed outside of residential taxes. Mr. Tetreau stated that the administration is always looking to expand the tax base in the commercial markets and via other creative means in an effort to minimize the tax burden of the residents.

Mr. Flynn asked for more information as related to the 10 Year History Comparison on slide #19 of the presentation. Mr. Flynn requested some percentages such as the average annual increase and the 10 year increase and benchmark against other local municipalities. Mr. Flynn also noted that this could also apply to the 10 year expense growth data and add the growth of the number of students to slide #19 for the BOE.

Mr. Walsh inquired if any new services are being added and if any existing services are being eliminated. Mr. Tetreau stated that no services are being eliminated but some may need to be reduced in scope. Mr. Tetreau also reported that the new website will be implemented with no major cost impact to the Town and the employee levels will not be changed with the change in website.

Mr. Flynn asked Mrs. Bosse to please post all documents presented here on the Town website.

Mr. Walsh reminded the Clerk that all documents should be given to BOF members in time for their review before the meeting they are to be discussed; email is probably the best method to be used for distribution.

ACTIVE MEDICAL

Mr. Lindgren and Mr. Fiedler presented this item to the Boards and reviewed the handouts with the Boards. Mr. Mayer reported that the budget is \$10,427,000 and the AON projection is \$10,477,000. Mr. Mayer noted that the latest and best available information is used for budget purposes..

In response to Mr. DeWitt's question if the Town took the total AON recommendation last year, Mr. Mayer responded that the town did not take the full recommendation and he explained that OPEB is defined by the ARC which has been fully funded.

In response to questions from the Boards, Mr. Lindgren stated that towns usually go out to rebid insurance about every 3-5 years and they usually lock in costs for multiple years. Mr. Lindgren also reported that the Town saved some money last year by the BOE rebidding their insurance.

Mr. Becker requested that Mrs. Gardiner supply the Boards with a copy of the Budget Control and Budget Adjustment Sheets for FY 14-15.

Mr. Lindgren noted, in regards to the projection for FY 14-15 on Page 2 of the report, the trend over a 17 month period results in a 3.2% increase for actives over last year. Mr. Lindgren further stated that medical trend rate in the next projection will be reduced based on claims and should be available by sometime in late March.

Mr. Kiley asked if AON has seen any normal seasonality that shows lessening of charges over the next 3-6 months. Mr. Mayer responded affirmatively and that information is taken into consideration when evaluations are made by AON. Mr. Mayer also noted that the claim experience on the BOE side is getting worse. Mr. Lindgren noted that the BOE side is \$264K higher than expected for FY 13-14 based on the last available projection.

After a discussion on the amount of reserve to be used by the BOE, Mr. Dwyer stated that the budget is based on the most recent information provided, which is October 2013 data) and a budget is adopted based on that information with a goal to budget to be at IBNR.

PUBLIC COMMENT

None

OPEB AND PENSION

Mr. Ryor and Mr. Mayer presented these items to the Boards and he reviewed the handouts with the Boards. Mr. Ryor reported that evaluations are done every other year in an even year. Mr. Mayer noted that pages 330 & 331 in the Budget Book reflect the figures in the OPEB Review Report.

Mr. Ryor noted that it will take 30 years to fully fund OPEB at ARC. Mr. Ryor further noted that union contract changes are taken into account when re-evaluating.

In response to a question from Mr. Becker, it was noted that Hooker & Holcombe review the trends a re-evaluate the assumptions annually and the amortization schedule can be revisited. Mr. Mayer noted that Fairfield is in the top 10 towns in the state for funding of ARC and Fairfield is 4th in the state for the size of the assets in OPEB.

In response to questions regarding the realistic justification of using a 7.5% investment return assumption for pensions, Mr. Ryor reported that the returns are validated using long term market capitalization assumptions and longer terms will be more able to realize better returns.

Mrs. McCarthy Vahey noted that it would be, in her opinion, in the best interests of all to schedule joint meetings with the BOS, BOF, Pension Boards and the RTM for these types of discussions.

Mr. Brachfeld noted that the Town Administration and the BOF have worked diligently to move away from OPEB; new employees are no longer joining defined benefit programs but rather defined contribution plans and this will help to keep the funding of the ARC from growing for future generations of taxpayers.

Mr. Becker concurred with Mr. Brachfeld.

Mr. Flynn stated that he would like to see this report in the fall and he asked Mr. Ryor to see what it might take to get that report earlier in the budget process. Mr. Ryor agreed to look into this and he will work with the Town Administration in an effort to achieve this.

PUBLIC COMMENT

None

On a motion made by Mr. Brown and seconded by Mr. DeWitt, the meeting was adjourned at 10:25 p.m.

Respectfully submitted,

Deborah J. Garavel
Recording Secretary