

RTM Minutes
November 1, 2011

The Call

1. To take such action as the meeting may determine, upon the recommendation of the Board of Selectmen and in accordance with the Policy for Gifts to the Town, to approve the acceptance of a gift of a new golf halfway house at Longshore Club Park Golf Course valued at \$225,000 from The 9th & ½ Hole Committee, LLC.
2. To take such action as the meeting may determine, upon the recommendation of the Board of Finance and a request by the Superintendent of Schools for an appropriation of \$140,825 to the 2010-11 Budget, BOE Rentals & Reimbursements Expenditure Account, as follows:
 - \$109,584.35 is deemed appropriated in accordance with Section 10-222a of the Connecticut General Statutes; and
 - \$31,240.65 is appropriated to fund the cost of union personnel reimbursements.
3. To take such action as the meeting may determine to ratify and approve the Collective Bargaining Agreement between the Town of Westport and the Westport Municipal Employee Union Local 1303-387, Council 4, AFSCME, AFL-CIO for the period July 1, 2009 through June 30, 2014 and to appropriate the sum of \$ to the 2010-2011 fiscal year budget.
4. To take such action as the meeting may determine, upon the recommendation of the Board of Finance for an appropriation of \$4,340,626 to the Pension Budget Account (OPEB Plan Funding) in order to fund a contribution to the Other Post Employment Benefits (OPEB) Trust Fund.

Minutes

Moderator Hadley Rose:

This meeting of Westport's Representative Town Meeting is now called to order. We welcome those who join us tonight in the Town Hall auditorium as well as those watching us streaming live on www.westportct.gov, watching on cable channel 79 or ATT channel 99; that is, those of you who have power. My name is Hadley Rose and I am the RTM Moderator. On my right is our RTM secretary, Jackie Fuchs. Tonight's invocation will be by Judy Starr.

Invocation, Judy Starr:

Today, we are in the middle of this year's election season. Soon, we will observe Veterans' Day and then our Thanksgiving holiday. What could be more fitting right now than to reflect on how much we have to be grateful for here in our beautiful town, living with the treasured freedoms of our wonderful country.

Here and now, we have so much opportunity and latitude to live the lives we choose in ways that express who we are, to make contributions in ways that fit our temperaments and gifts, to live as we are born regardless of race, or sex, or creed -- more so than in almost every other time or place known or recorded by

humanity. True, there is never an age without its tears or trials, neither for a person, nor for a country. Yet, we have been granted great grounds for gratitude: gifts to cherish, blessings to count, amenities that make our lives longer and more comfortable than they might otherwise ever have been in any other time or place. There is so much to be grateful for, to protect, and to enjoy.

We have all this and we have each other. So, may the best candidates win on this Election Day and may all of us always have that which will fill our hearts with gratitude.

There were 33 members present. Dr. Cunitz, Ms. Colburn and Ms. Cherry notified the Moderator that they would be absent.

There were no corrections to the minutes of September 6.

The next RTM meeting for the new RTM will be Dec 6. There are no committee meetings scheduled.

RTM Announcements

Bob Galan, Linda Bruce, Bill Meyer, Eileen Flug and Diane Cady:

This is not only your RTM contingent, this is the Sunrise Rotary contingent as well. We just want to announce that Friday, Nov. 4 is Sunrise Rotary's 22nd annual wine tasting and silent auction. It's a great time down at the Inn at Longshore. You can get tickets from anyone from Sunrise Rotary, the Liquor Locker down on Main Street, at the Fairfield County Bank branch at Compo Road. It is from 6:30 to 9:30 on Friday Nov. 4.

Mr. Meyer

I want to thank Bob. He is spearheading the whole thing.

How many people get Connecticut Magazine? What an award Westport got. Of all towns with population between 25 – 50,000, top award for education, number one of the 26 towns; crime, number five; economy, which is income, number one; cost which is highest priced houses, every year we win the award in that. Congratulation to Gordon. You run a good ship. Second, this is Parks and Rec. I am delighted to have been Chair of the Parks and Rec. Committee for 14 years. We are one of 3,000 towns that are members of the National Alliance for Youth Sports. Every year they give an award for the best run sports program. Our town won it. There are over 6,000 children in our sports programs. Each coach, to qualify as coach, you have to go through this program. All the coaches are certified. We've got some great coaches here: John McCarthy, Allen Bomes, Matt Mandell, Hadley Rose, Paul Rossi, Gene Seidman for basketball, soccer, baseball. His son is playing for Allegheny. Hats off to Stu McCarthy. Twenty-two years as the Parks and Rec. Director. Janis Collins, Commissioner. Mike Rea, stand up, past commissioner and Steve Rubin, heart and soul of Parks and Rec. Go Steve!

Arthur Ashman, district 7:

I can't top that. Once a month, the Westport Arts Center has jazz on Thursdays. It has been a tremendous success. People have enjoyed coming, hearing, the wine tasting, everything that goes on. I would like to formally invite you this Thursday night at 7 o'clock to jam with us. One note, anyone can come and play. Bring your instrument. It gets you a couple of drinks and no admission. I'd like to tell you one quick story. For the first time, we had a 14 year old freshman at Staples come and play jazz guitar last month. We're still talking about it. You cannot believe how terrific it was. So we encourage your children as well as yourselves to come.

Matthew Mandell, district 1:

I am also a trustee for Earthplace. On Nov. 12, it will be the 26th annual gala. It's called "A Night Out For Nature". It's the gala that raises money for Earthplace programs: environmental education, harbor watch, nursery school, museum activities, sanctuary management, a summer camp, wildlife education and the animal care programs. It is a great event. It will be held at the Brooklawn Country Club. There will be a silent auction and a live auction. It's a great event where you can come out and enjoy the people, everybody who enjoys nature and the environment. Here are the tickets and also, there is a \$25 raffle. The first prize is a \$4,500 Vespa which is very green, environmentally safe and also, second place is an ipad. Come to me and get a raffle ticket and also come to me or to Earthplace to get an invite. Come to the gala on Nov. 12. I hope to see you there.

Jack Klinge, district 7:

I thought Bill was going to get this one. He missed one for a change. On November 20, which should be a Sunday, the Friends of the Westport Senior Center, will have the first of their five musical concerts at the center. It's free. There are no raffle tickets, no entry tickets. At one o'clock the doors open. We feed you. We provide you with drinks. The Steven Geller Band which was a big hit at the Levitt Pavilion the past few years will be playing. It's come one, come all. You are supposed to be close to 60, if not 60. Bring a friend. Bring a younger friend. It's Nov. 20. It's all thanks to the Mortimer Levitt Foundation which provides a sizeable sum of money to fund our Sunday music concerts. You're all invited.

Mr. Rose: Mr. Joseloff has a storm update.

First Selectman Gordon Joseloff:

As of 8 o'clock tonight, we still have about 1,400 customers out of power. At the height, it was almost 4,000 so we have made some progress. We are at 11 percent. Some towns in northwest and northern Connecticut are still 100 percent out so it was a devastating storm really with a one-two punch. Just as we are recovering from Irene, we got this one. It was an especially difficult time. I know it's no solace to those who are still without power to say that crews are being diverted elsewhere in the state. I was on a conference call with the Governor

mid-day today. He said that he was underwhelmed with the CL&P response. CL&P acknowledged that they are not getting the crews that they had been promised from out of state. The governor has asked for Federal help. I'm not sure what that means. We have two crews working in Westport today. Tonight, one is working at Bayberry Lane where there is reported to be extensive structural damage of trees and poles hampering restoration efforts. We got some back on Tamarac Road and Evergreen Parkway today. We still have pockets out on Otter Trail and Keyser Road. We got back Red Coat last night. It's difficult because some of the circuits come from Weston. I ask your forbearance. We did contemplate opening a shelter. We didn't have much demand even though it's getting colder. There is a shelter open tonight at the Miller Driscoll School in Wilton at 217 Wolfpit Road. Somebody asked why we didn't open a shelter in Westport. Again, we didn't have that demand and, frankly, there was a shortage of volunteers to man the shelters. We had two Westporters who went to Weston the first night and one more last night. In Weston, where 73 percent of the homes are out, they only had three or four people show up. Many of them don't want to go to a shelter. We had 72 during Hurricane Irene when people evacuated the Shores. We are making progress. CL&P has promised that by 6 p.m. Friday, most of Westport will be restored. So, I ask your forbearance and understanding. We are doing the best we can. We did have an email today which said, 'Don't blame CL&P. Westport is to blame. Westport should have been on top of it.' I asked him what he meant. We don't have a generating capacity. We managed to defeat the one on Cockenoe Island in the 60's. We don't generate our own electricity. Short of that, we are doing everything we can. Just to update you and the public on our efforts.

Finally, let me pay tribute to this RTM to people who have served with you and me for many years. The RTM is the last stop for some of the town's business. You guys and gals have done a tremendous job. I don't always agree with some of your decisions but I know that you do your homework. You study and evaluate and give great consideration for public input. I can't praise you enough for what you have done for the service you have given to the town. For those retiring members, my office is open and my list is at the ready because I have a number of volunteer positions to fill. If you don't want to come to an RTM meeting or committee meetings but might be interested in something with fewer meetings, please give me a call. I thank you for your service to the Town of Westport.

Mr. Rose:

In a moment I am going to step down to the podium. As many of you know, at the end of a session we hand out Certificates of Appreciation to those members who will not be with us for the next session. We have nine members who are voluntarily stepping down. I will call out the names, give them a certificate and if any of you want to say a few words, you are welcome to. We will start with district 1, Ms. Starr.

Judy Starr, district 1:

I just want to say thank you for your words of appreciation for all of us. I want to say thank you to my family and friends that put up with the times that I wasn't with them. I also want to thank the other people on town boards that I have had the pleasure and privilege to work with, people in the town departments that I have had the pleasure and privilege to work with, RTM members present and past that I have had the pleasure and privilege to work with. I've learned from you all. If I've given back a little bit of what I've gotten, I'll be satisfied in that regard. Finally, I want to thank the people who sent me here, the people who trusted in me to do the job to work for them and speak for them. They sent me here five times. I want to thank them too. I hope that for everyone, the sun always shines across your path.

Liz Milwe, district 1:

I will never forget the night that we altogether as a town decided to ban plastic bags. It was a night that I will never forget for the rest of my life. We took a stand. We made a difference. The experience that I had with, in alphabetical order, Jonathan Cunitz, Gene Seidman and Jeff Wieser, they are my lifelong friends. It was such an incredible experience that we had together. Gordon Joseloff appointed me to the Sherwood Mill Pond Advisory Board. Through that, I got to work with Stuart McCarthy and Sherry Jagerson and Alisa Mozian to create a wonderful park in Town of Westport. It's been a learning experience for me. Everyone in this room, I could probably say something about. I've learned from each of you. It's been a great experience and I thank you all so much and district 4 and district 1 for sending me here.

Linda Bruce, district 2:

I will just say thank you. It has been an honor and privilege to serve the town. It's been a wonderful learning experience for years and this past year in particular, a thread of understanding and community that ties us all together and I thank you all for that.

Bob Galan, district 3:

I want to thank the academy...

It's really been great these last four and a half years. I want to definitely thank the people who sent me here and thank all of you. It has always been fantastic doing the committee work, the nitty gritty stuff you do behind the scenes. I really enjoyed it. I wish you all well.

Gene Seidman, district 4:

Wow. I love the RTM. I think democracy is a luxury and it's a luxury that I'm proud to be a part of. I gaze out upon my colleagues on the RTM and each one of you, I smile and have a great feeling about because we shared a certain something, each one unique and beautiful. I'm very proud that Jeff Wieser and Jonathan Cunitz and Liz Milwe and I passed the plastic bag thing and it's great but I want to tell you about something that I did on Sunday. Just a little thing that's a big thing, I went down to Occupy Wall Street. I'm sure that a number of

you have been there. I certainly encourage you to go because it's a magnificent, most of us are in the 99 percent and some of us in Westport are in the one percent and some of the one are my very dear friends but most of us are in the 99 percent. I want to tell you a little bit about my feelings about that experience. I encourage you all to get down there as quickly as you can to just get a sense of what's going on and figure out how to slip into it. Here are a few quotes from the time that I spent there:

-Fox News: Rich people paying rich people to tell middle class people to blame poor people.

-Next: I believe a corporation is a person when I see one exhibit love and empathy.

-From a young girl: I'm seven years old and I even know that greed is wrong

-This Native American woman about 65, she had a sign that said, 10 years ago we had Steve Jobs, Bob Hope, Johnny Cash. Now we have no jobs, no hope, no cash.

I love the body of the RTM. I am thrilled to have been a member for six years. I wish you great prosperity and to do great things in the future.

Barbara Levy, district 5:

I'd like to thank everybody for sharing all these wonderful evenings with you and hearing some of the humor and the wisdom and the insight that you all work so hard to bring to this group. I truly will remember it in a very positive way and proud that we have kept the history of our town.

Mike Rea, district 8:

Maybe for the last time...I just want to take a moment for some thanks. Number one, for those residents in district 8 who allowed me to serve them the last 12 years, it has been a learning experience. I hope I represented you well. My heartfelt thanks. I feel, over the dozen years that I've served on the RTM there have been some personalities larger than life that really stand out to me: Bill Raines, Ron Malone who said "At some point every meeting, everything that needed to be said was said.", Lisa Rome, John Booth, the Finance Chair, taught me the ropes and was always quick to nudge me and say, "Call the question," Alice Shelton, Gordon Joseloff, and, of course, my friend, the mensch, Hadley Rose, who truly always wants to do the right thing. Jackie Fuchs is probably celebrating. She has been covering me as a secretary since the School Building Committee and now over here. Your fingers will get a break because I won't be wasting all that typing for you, Jackie, so quit celebrating. I chaired two committees for some time, Environment and Finance. For my colleagues on the Environment Committee, thank you for your hard work in serving, the Conservation Commission and Alicia, thank you so much. In the Finance Department, John, and the Finance Department. They have been very supportive. Where would I be without Patty and Colleen and those people who constantly bailed me out with notices and agendas. Thank you so much. I'm

under no illusions that as you leave that the vacuum is quickly filled. Dr. Ashman reminded me that as soon as I'm out of here, he takes my seat. The body is not even cold. Life goes on but I can't help but for my colleagues on the RTM that I've served with, this has been a memorable occasion. Thank you very much.

Kevin Green, district 9:

Since I was leaving I thought a lot about what I was going to say here and I didn't come up with anything but that's not going to stop me from saying something. I joined this body with a certain idea and that was relayed to me many years ago when I was an undergraduate in physics. The story was of Eisenhower. It was something new for scientists to be involved in policy decisions. Eisenhower made a comment to his science advisor, George Kistiakowsky, that it was funny that everyone seems to come to Washington to want something except the physicists. I just blew the quote. The physicists aren't here to get something. They are here to try and solve the problem. That was the spirit with which I came to this body. I don't know if I solved any problems. During a lot of these sessions, some were actually somewhat difficult. I found myself looking at myself looking at my shoes a lot. At the end I think the only thing I concluded was that I needed to shine my shoes. It's been fascinating. It's been a wonderful ride. It's been too short and I'm sorry I'm leaving but I have personal things I have to take care of but if it's a tight election in district nine, I don't think I would have made it this year. You never know. The one image, it came up in a couple of meetings while I was here, the movie "Ground Hog Day". If there isn't a better representation of that than the RTM, I don't know what is. Ground Hog Day has got to be one of my most favorite movies. You wouldn't know it by the number of times I've seen it because I think I've only seen it once all the way through. When it's been on, my wife is always telling me to turn it off because she doesn't want the kids to be watching some of these things although I can't quite tell you in that movie what she has in mind. It hasn't been the movie I've seen the most. I think that would be a Barney movie and that definitely is not on my list. At the end of the movie, finally, the Bill Murray character gets it that if you really have to do the same thing every time, the least you should do is enjoy it. More than anything else, I have to say, I have thoroughly enjoyed my time on the RTM. I hope to see all of you again sometime.

Mr. Rose:

Thank you all very much for your service the last couple of years. I have been honored to be the Moderator the last four. It's been a privilege and a pleasure to serve with you.

The secretary read item 1 of the call - To approve the acceptance of a gift of a new golf halfway house at Longshore Club Park Golf Course valued at \$225,000 from The 9th & ½ Hole Committee, LLC. By show of hands, the motion passes unanimously. 33-0

Presentation

Janis Collins, Chair of the Parks and Rec. Commission::

I am speaking to you tonight representing the Parks and Rec. Commission and the Parks and Rec. Department. I'm really actually so excited and pleased to be here. We are asking the RTM to approve the gift of a new golf halfway house at Longshore from the Friends of Parks and Recreation and the 9th & ½ Hole Committee. We established the Friends of Parks and Recreation as a 501-C-3 organization in response to our need to find alternative private funding for important public projects. The Friends of Parks and Recreation's mission is to enhance, preserve, protect and promote the Town of Westport's parks and recreation facilities in partnership with the town. As you probably know, the golf halfway house burned down in 2003 and was replaced by what we thought was a temporary trailer. That temporary trailer is still there and it's in dilapidated condition. So, last April, a group of volunteers formed the 9th & ½ Hole Committee to raise private money to fund the replacement of the golf halfway house. To date, they have raised well over \$175,000. In addition to that cash donation, they have also raised in kind donations of architecture fees. The original replacement halfway house was designed by a municipal employee. The 9th & ½ Hole Committee has gotten the services of an architect who actually volunteered his services to further design the halfway house. We also have in kind donations for the excavation, the foundation and also other potential services to make sure that no town funding would be used for replacement of the golf halfway house. So tonight, we are asking you approve this gift and we are asking you to approve the gift with a dedication plaque in memory of Clifford Ross. Cliff was a very avid golfer, a Westport resident for a very long time and someone who gave hundreds of hours, as a volunteer, to improve Longshore Park. In addition, he was the individual who got the original plan to replace the golf halfway house off the ground. We've had an anonymous donor come forward who would like to pay for that dedication plaque. We are asking you to approve the gift with a plaque on it. At the meeting of Oct. 12, the Board of Selectmen unanimously voted to recommend the acceptance of this gift with the dedication plaque but they also, more importantly, approved the terms of an agreement. We worked over the past few months, while the 9th & ½ Hole Committee was raising the funds and the in kind donation services, we worked on having an agreement in place between the town, the Friends of Parks and Recreation and the 9th & ½ Hole Committee to protect the town from issues that might come up. For example, no construction will be started until the money is in a bank account and all the in kind services have been detailed and identified and the budget has been approved by Parks and Rec. Department and the plans have been approved also by the Building Department and Public Site. All construction contracts will be approved by the Town Attorney including the architect's detail contract even though the architect is providing his fees at no charge. In addition, all change orders and invoices will be approved by the Parks and Rec. Director and all plans and designs will remain the property of the Town of Westport. In closing, I am asking you to approve this wonderful gift that Fred Hunter and Mark Holod of the 9th & ½ Hole Committee have worked so hard to

raise funds for and so many other volunteers have worked on so that the 9th & ½ Hole Committee can go the next step and finalize their construction plans, that the town agreement with the Friends and the 9th & ½ Hole Committee can get signed and so that we can break ground before the end of this year. If you have any questions, Stuart McCarthy is here to answer questions on some of the details and the 9th & ½ Hole Committee, as well.

Mr. Rose:

As this is a gift at no cost to the town, we chose not to have it reviewed by any committees.

Members of the Westport electorate - No comments

Ms. Flug read the resolution and it was seconded by Mr. Rubin.

RESOLVED: That upon the recommendation of the Board of Selectmen, a gift of a new golf halfway house at Longshore Club Park Golf Course valued at \$225,000 from the Nine and 1/2 Hole Committee, LLC is hereby accepted.

Mr. Rose:

It has been moved and seconded by Mr. Rubin to approve the resolution just read.

Members of the RTM

Wendy Batteau, district 8:

So, I looked and I didn't see this information. I am assuming this will need maintenance and janitorial and all that. I am wondering if it will be staffed and who will be paying for this in the beginning and over the years.

Stuart McCarthy, Director, Parks and Recreation:

There is an existing halfway house that has rest rooms. It is actually a trailer that serves food. It is managed by the town. It is town property. This building will be continued to be managed by the Parks and Recreation Department. Relative to maintenance costs, ongoing maintenance costs will be under the purview of the building maintenance department as they are now, winterizing the building, routine maintenance. Custodial will either be done by our staff or, depending on how we structure the next contract, by the vendor, the concessionaire. The concessionaire has certain responsibilities as far as maintenance of the cooking areas, as well. To the extent that there is an existing facility, there is no impact on the Town of having a new facility.

Ms. Flug:

I just wanted to speak in support of this. I am a member of the board of the Friends of Parks and Recreation and I think this is a great example of the use of this newly formed 501 C 3. It was formed at the recommendation of Janis Collins in order to provide a 501 C 3 umbrella for private funding for enhancements to

our parks and recreation facilities of the town. This 501 C 3 umbrella facility could have been used for a fundraising project like the Sherwood Mill Pond Preserve. This is the very first project that the committee has looked at. There are others we are looking at. If there is anyone in the community that has fundraising projects that might help Parks and Recreation, we would love to take a look at them. I fully support this. I think it's a great facility that has been created. I hope for your vote.

By show of hands, the motion passes unanimously. 33-0

The secretary read item #2 of the call - An appropriation of \$140,825 to the 2010-11 Budget, BOE Rentals & Reimbursements Expenditure Account, as follows:

**\$109,584.35 is deemed appropriated in accordance with Section 10-222a of the Connecticut General Statutes; and
\$31,240.65 is appropriated to fund the cost of union personnel reimbursements.**

By show of hands, the motion passes unanimously. 33-0.

Presentation

Elliott Landon, Superintendent of Schools:

The Board of Education, several years ago, adopted a policy based on conversations with the Board of Finance authorizing the Superintendent to provide written accountings to the Board of Finance regarding revenues and expenditures associated with rentals and reimbursements. Essentially, this account is money in and money out. It is not taxpayer money. It is funding received for the use of schools and payments for related services. In addition to that, the President of the Westport Education Association has a reduced load where his teaching assignment is 6/10 and 4/10 of his or her assignment is for WEA business. The WEA, the Teachers Union, reimburses us fully for that 40 percent. The revenues then reflect the payment to us from the Westport Education Association for that portion of their president's salary that is not devoted to teaching and, other than that, the outside activities and school use funds come from the rental of our buildings and expenditures associated with that are essentially for custodial services, electricity power and related expenses. So, under the law, we are required to present this; under the policy, we are required to present this to Board of Finance and the RTM; however, by law and by statute, it is, in essence, a formality.

Committee report

Finance Committee, Dick Lowenstein, district 5:

Once a year, these requests meander through the Board of Finance and then come down to the RTM where both parties routinely approve them and we'll probably do the same tonight. I expect us to do so. The Finance Committee did

approve it unanimously; however, it does provide us an opportunity to ask some questions and questions asked at the Finance Committee largely involved that we, as a town, have been looking to raise revenues as many ways as we can and it was suggested to the Superintendent of Schools that the Board of Education look for more enhanced revenue through rental sources. As you can see from the report, there was some concern on Dr. Landon's part about what that might involved and counters from the committee that it probably wasn't as severe as that but it is the hope of the committee that when the budget for 2012/2013 is presented by the Board of Education to the town that it includes a target rental income from outside sources and that, over time, this should be a figure that reasonably be accommodated by the school system so that we can offset some of the actual expenses that taxpayers pay with revenue coming in from other sources. The committee approved this unanimously. It's not something we should have questions about with regards to the amounts but we do feel there is some opportunity here, however small, that we raise additional revenue on behalf of the town.

Ms. Flug read the resolution and it was seconded by Mr. Rubin.

RESOLVED: That upon the recommendation of the Board of Finance and a request from the Superintendent of Schools, the sum of \$140,825 to the 2010-11 Budget, BOE Rentals & Reimbursements Expenditure Account, to be applied as follows, is hereby appropriated:

- \$109,584.35 is deemed appropriated in accordance with Section 10-222a of the Connecticut General Statutes; and
- \$31,240.65 is appropriated to fund the cost of union personnel reimbursements.

Mr. Rose:

It has been moved and seconded by Mr. Rubin to approve the resolution just read.

Members of the RTM

Mr. Mandell:

There is one more raffle ticket left. I'd like to second what the committee said and what Mr. Lowenstein said. The schools are town-owned property and if we can make some money from it, I think that would be an excellent way to go about doing it. One example is my daughter's dance school is located in Norwalk and they are not allowed to use the school auditoriums. I don't see the difference between a Norwalk dance troupe and a Westport dance troupe being able to use that. If that's a way the town can make some money and offset the expenses of our education, I think it would be reasonable to look at.

By show of hands, the motion passes unanimously. 33-0.

The secretary read item #3 of the call -To ratify and approve the Collective Bargaining Agreement between the Town of Westport and the Westport Municipal Employee Union Local 1303-387, Council 4, AFSCME, AFL-CIO for the period July 1, 2009 through June 30, 2014 2013 and to appropriate the sum of \$179,427 to the 2010-2011 fiscal year budget. The motion passes 30-2. Opposed Bomes and Ashman. Rubin recused.

Point of order, Mr. Guthman: 2009-2013

Mr. Rose: Do I have unanimous consent to correct the date to 2013? [Yes.]

Presentation

Attorney Floyd Dugas, Labor Counsel for the town:

I'm going to give just a brief overview and then open it up for any questions that there may be. This is a contract for approximately 56 primarily Town Hall based employees. As you will recall, there was a previous contract brought back to you which was rejected by this body and sent to arbitration. When it went to arbitration, there were essentially two issues that were presented to the arbitrators. The first issue was the question of the arbitrability of a defined contribution plan; in other words, the town's ability to put in issue the question of a defined contribution plan, specifically, for new hires. The other issue which was technically four separate issues because it had to do with wages for the four years of the contract but the second issue had to do with wages. The other issues, in particular, changes to the health insurance plan and a number of language changes including some changes that will help us tighten up on the cost of workers compensation insurance were previously agreed to so that was agreed to provisions so the only two issues were the defined contribution plan, whether it was arbitrable, and the issue of the wages. At this point in time, the arbitrator has only dealt with the issue of the defined contribution plan. Relying on, in part, the decision in the fire case, where for the same reason, defined contribution for the fire union was held to be not an arbitrable issue, the arbitrators in this case likewise ruled because of the lockout provision in the pension plan covering the Town Hall employees, the WMEU employees, that that issue was not arbitrable. We have to wait until 2014 before we can address any pension issues but, in particular, a defined contribution plan. So, the only issue left for the arbitrator to decide was the issue of wages and, but for an agreement, that process would have run its course. The arbitrators would have decided the issue of wages and that would have been the end of it. As a result of the decision on the two issues that were in dispute, on one of those issues, the defined contribution plan, we engaged in conversations with the union about the balance of the issues, the issues of the wages. In short, we were able to reach an agreement that, over the course of the contract, saves approximately \$120,000 over the four years of the contract over the prior agreement that I brought back to you. To briefly summarize the prior deal and the current one, the prior deal was a zero the first year general wage increase and with the new deal that we're bringing to you, that remains the case. In the second year which would have

been the 10/11 year, the prior deal was that we would implement a wage study that was put into place, in addition to that grant a 1.25 percent increase over and above that. That 1.25 percent increase is not part of deal that we are bringing back to you; although, the implementation of the wage study is. Very briefly, the wage study was something that was initially commissioned by the prior First Selectman, completed under the current administration and, essentially, is a market study to adjust salaries across the bargaining unit to make sure that they are consistent with what other communities are doing. Finally, for both the third and the fourth years of the contract, previously, the agreement was for 2.75 percent general wage increase. That has been reduced to 2.5 percent general wage increase. So, that's essentially the difference. Mr. Kondub has run the numbers and when you wash them all out, over the four years of the contract, the difference between what we brought to you previously and what we're bringing to you today is, again, \$120,000. The obvious question that I think some of you will have is what happens if we reject this agreement. We are still in arbitration, technically. If you reject this agreement, it will go back to the arbitrators. The arbitrators will decide the remaining four years of wages. We, as a normal course, keep track of what's going on around the state, both in terms of negotiated settlements and arbitration decisions. In this particular case, we focused only on the last two years for obvious reasons. We didn't want to be looking at decisions from four or five years ago, pre-2008, so that we had a good sample of where we thought arbitrators would go with this decision. If you factor in the settlement that we have reached that we're asking you to approve at this point in time and attribute a value to no general wage increase for the year of the wage study but attribute a value for the year of the wage study, the total cost over four years is seven percent. Negotiated settlements across the state for that same period of time for a four year contract average nine percent. If you look at arbitration awards alone, which have been trending below negotiated settlements, they average roughly 7.75 percent. In other words, the contract that we're bringing you is roughly three-quarters percent below what the arbitrators have been awarding. To point out the obvious, that includes the wealthiest and the poorest communities in the state. It's a mix across the board. I say that because if I'm asked what do you think an arbitrator is likely to do in this case? I think an arbitrator is not likely to award us lower wages over a four year period of time than what we have negotiated. That's an overview of the agreement at this point in time. I will be happy to accept any questions, explain the process and so forth.

Committee Report

Finance Committee, Mike Guthman, district 2:

Attorney Dugas has pretty much gone through the same things we have in the committee report but I'd like to go through a couple of things not covered in his summary. In the committee discussing the contract, there were several concerns that were raised. The first one is, we seem to have a pattern in the negotiations where the actual settlement of the contract always drags out beyond the date of expiration of the original contract. Then, when the contract is finally settled, we

make the wages retroactive to the original date but the increases in premiums for the medical insurance have always been prospectively. There were several members of the committee who raised concerns about that. The committee also asked to see an actual copy of the arbitration report and that was provided to you in your packet. In talking to members of the committee, subsequent to the meeting after they had seen the arbitrator's report, there is a line in the arbitration report that raised concern on several of their parts. It's a line that has to do with, at least as I read it, had the town terminated the pension plan, then we could negotiate but because the town didn't terminate the pension plan, the arbitrator felt that we couldn't arbitrate. Several of the committee members raised that point and also would like to ask Floyd Dugas to address that, as well.

Members of the Westport electorate - No comment

Ms. Flug read the resolution and it was seconded by Mr. Rubin.

RESOLVED: That the Collective Bargaining Agreement between the Town of Westport and the Westport Municipal Employee Union Local 1303-387, Council 4, AFSCME, AFL-CIO for the period July 1, 2009 through June 30, 2013 is hereby ratified and the sum of \$179,427 to the 2011-2012 fiscal year budget is hereby appropriated.

Mr. Rose:

It has been moved and seconded by Dr. Heller to approve the resolution just read. Before we turn to the RTM, would you like to address the issues that Mr. Guthman brought up?

Mr. Dugas:

I'd be happy to. In terms of the first issue, I think those are valid points about the retroactivity piece. It's certainly something, whether its wages or health insurance contributions are retroactive, is a mandatory subject of bargaining. It is not uncommon in a municipal contract what happened here, wages being retroactive and the contributions not being. It clearly is a negotiable point. That was part of the conversation that we had. Where we ended up is where we ended up. I suppose we could have made the wages not retroactive but the union would have insisted that the wages be higher, the percentage increase, to make up for that. It's a question of where do you want to pay it. The bottom line is that the seven percent number over four years being substantially below negotiated settlements and even below arbitration settlements, on balance, it's a good, competitive deal but there is no question of the legitimate points and certainly concerns are negotiated and discussed in negotiation. In terms of the issue of arbitrability, understand that we made seven different arguments as to why the arbitrator should rule in our favor on the question of arbitrability. Anyone who has looked at the decision, you can see it's a two or three paragraph decision barely a single page and the arbitrator, interestingly, did not address six of my arguments at all. So, there were seven arguments. They didn't address six of them. On that last one, they essentially responded, if you had done such and

such, they didn't say there would have been a different result but they pointed that out. I guess the bottom line is, the point was, if we had terminated the plan, maybe we'd be in a different spot. I would respectfully suggest two things: number one, there was nothing I could have said which would have convinced that arbitration panel to rule that the question was arbitrable. There were two reasons. Number one, you've got language which essentially says until 2014, the pension provisions shall not be changed unless the parties mutually agree. Second of all, we have the arbitration decision in the fire contract and, even though as a matter of law, one arbitrator is not bound absolutely by a second arbitrator's decision, clearly, as this arbitration panel pointed out, it was very persuasive in this particular case. My personal opinion from body language of the arbitrators in the case and based upon conversations I had with the management arbitrator who sat on the panel, there wasn't anything that could have been done or said, given those two factors, to convince the arbitration panel to come out differently on the question of arbitrability. In terms of unilaterally terminating the pension plan, on that point, I would suggest that would have been a patent, unfair labor practice on the part of the town if they had done that. Any moves of that nature are something that have to be negotiated. There is a provision in that pension plan that some would say seems to suggest the town has that unilateral right; however, you've got that language in one section and then you've got language in another section that says, "No terms or conditions of this plan shall change until 2014." Then, I'll add to that, the State Labor Board which, without getting too deep into the conversation, if the town unilaterally terminated the pension plan and the union filed an unfair labor practice and we went up to the State Labor Board and said, "We think we have the right based upon that language, there's no question in my mind based upon 25 years of practicing labor law before that entity that we would have been slammed, not lost, slammed, over that decision. While I understand the frustration over the arbitration decision and all the issues surrounding pensions, there's no way that that arbitration panel or any, in my opinion, given the lockout language and the fire award doing the same thing, was going to rule any differently than the way it did.

Members of the RTM

Mr. Klinge:

A couple of brief thoughts...This is, to me, a clear cut case of a good deal for the Town of Westport. We should take it. I have no desire to go back to arbitration. This gentleman does not. I don't think the town should. I would like to devote all our efforts in the next three years to getting all of our contracts pre-negotiated, pre-discussed, pre-planned to moved to defined contribution. We have a three year window to get this done properly across all town unions. I would spend our time looking forward not backwards and that's how we're going to get a long-term savings for the Town of Westport.

Allen Bomes, district 7:

I will readily admit that what we are voting on tonight is 2 ½ percent better in wages than it was last year when we rejected it. I do want to say that I think implementing the results of the wage study to me was very ill-timed. It seems to raise wages on a volunteer basis, with our ongoing budget problems we've had over the last couple of years, it just seems to be ill timed. Also, the wage study looked at comparable salaries from one town to another. It didn't address the medical premiums that are paid by employees and pension benefits. We painfully understand over the last few years that both the medical and pension benefits in Westport are extremely generous compared to other areas. Also, I'd like to just talk about the 800 pound gorilla in the room. When we rejected this contract last year, we were told that, unlike the fire contract, there was a provision in the pension plan that gave us some wiggle room to negotiate. The fact, with all respect to Mr. Dugas, I do want to say that if you read the language that's in the arbitration ruling, it says two sentences: This plan, referring to the pension plan, provides that the town reserves the right to terminate the plan, to suspend, reduce or discontinue contributions at any time, but to terminate the plan; however, there is no evidence that the town has taken any steps to partially or fully terminate the plan. A year ago, the reason for us to reject it was we wanted some action on the pension. It seems that the town had been willing to terminate the plan. I would really like to know why this was not done. I abstained in the committee because I wanted to see this ruling. I asked for it two weeks before we met and was not given this after the committee met. Again, this is pretty plain to me that we could have terminated the plan and I don't see why we didn't do it.

Ms. Starr:

I just wanted to clarify something. The contract we are looking at runs through June 30, 2013. If I understand it correctly, you said we could only begin to address the pensions in 2014. Do you mean the fiscal year beginning July 1, 2013 or do you mean January 1, 2014.

Mr. Dugas:

The language of the pension plan indicates that the pension plan, "except as the parties may mutually agree, the plan as restated herein shall remain in effect until June 30, 2014." Presumably, we are going to have a contract beginning in 2013 going beyond 2014, we should be able negotiate an agreement that says, effective July 1, 2014, something changes.

Ms. Starr:

What's confusing me is it looks like there is one year between the end of the contract that we are being asked to approve tonight and when we can start to begin to renegotiate the pension. Is this typical? I don't understand that year gap in there.

Mr. Dugas:

You remember that the pension plan and the collective bargaining agreement, although related, are two separate documents. In any event, the pension plan clearly says that, until June 30, 2014, unless there is a mutual agreement

between the parties, the union agrees, the plan shall remain unchanged and remain in effect until June 30, 2014. What I'm saying is that when we begin negotiating the contract in early 2013, nothing would prohibit us from saying, although the changes can't go into place until July 1, 2014, because, presumably, we will be dealing with a multi-year contract that begins July 1, 2013, we can say these changes would not take effect until July 1, 2014.

Ms. Starr: I think that pretty much answers my questions. Thank you.

Ms. Batteau:

At the committee meeting, I asked Mr. Dugas about experiences he's had with arbitration and whether the numbers that the arbitrators finally agreed on, what range they were in, in other words, whether we could expect to, if we went back to arbitration again, whether in his recent experience, the arbitrators would give us a more favorable decision. He replied with pretty much an unqualified no. This was about as good as it gets. I would agree with Mr. Klinge. We really just have to move on; yet, at the same time, with Mr. Bomes, I would like to know what happened and if, indeed, we are able to cancel the pension plans. If so, at what juncture we can cancel them and renegotiate because, based on this statement from the arbitrators, they say that the agreement, but rather that it's not that we can't negotiate but that it's not arbitrable. Perhaps, the unions might be more amenable to negotiating with us if they see what dire straights we believe we are in and the changes they may be asked to deal with, if they wait the additional three years may be far more draconian than they would be if we continued our negotiations in some way. Finally, I'm pretty sure that people here know that in many cases, for example, in the contributions the Board of Education employees make for health care, for example are much more favorable to the town than these are. I hope that in some way we can get together with the Board of Education negotiators and set some kind of balance that says this position might be equivalent to this position and so on and that we might negotiate to the same standards that they have negotiated to. This arbitration seems arbitrary.

Velma Heller, district 9:

Mr. Dugas, I wonder if you could clarify something for me. You said that in terms of the arbitrators, they would not deal with this in arbitration. Had it been terminated, it might have been something that could have been dealt with. Are you saying, in order to have been terminated, it had to be by mutual agreement? So you could not unilaterally do that. If the union had agreed to terminate it, if you could clarify, please.

Mr. Dugas:

Yes. That's accurate. The way the labor law works is that when it comes to wages, hours, conditions of employment including benefits, health insurance, pensions, it's a mandatory subject of bargaining. That means that you may not unilaterally change any of the terms and conditions without, you can't do it unilaterally. You must bargain for it. If the union doesn't agree, there's a process

and you go through arbitration. The arbitrators will but, of course, we ran into a problem in this case. Normally, that's what would have happened. They would have agreed or disagreed with us but, in this case, because of the lock out provision, the union claimed and the arbitrators agreed that we could not force that issue to arbitration absent an agreement on the part of the union. We couldn't send the issue to arbitration because we agreed, prior to my time, that we would not change any terms of the pension plan until 2014. You are correct. You cannot do it unilaterally. You may only do it by agreement.

Mr. Rea:

I don't know about all of you, but I voted to go to arbitration because I believed, upon the advice, that there was language in the contract that gave us hope that we could open this up. Clearly, that wasn't the case and we found that out in short order. I guess we should be satisfied that there were some savings as a result; maybe enough to offset the arbitration fees and the negotiation fees and everything else that we experienced. We know, in the last few years, we have come to realize that we need to talk about all in costs, about our medical benefits and our pensions. We know that we have recently discovered that we are understating our liabilities on the books. When we sit at the negotiating table, people don't really understand what our status is. It's not quite what the people on the other side of the table think it is. We started this process. We are a couple of years into this contract already. It's going to be coming up pretty soon, before you know it. That and many other contracts. I say to you, I say to the administration, I say to our negotiators, let's not wait to develop a strategy. We are not going to sit here and develop a strategy on this floor right now. But we need to know what our liabilities are. We need to know what our tolerance is. We know our benefits. We can't always benchmark against other communities because other communities aren't doing all that well. So, why benchmark against people who aren't succeeding? We need to think about that. With regards to this contract tonight, as the committee recommended, I'm going to vote for it. I think we started a process several years ago and I think it would be a breach of good faith. Our employees have come to the table again in an arbitration and I think it would be a breach to turn this back. I see no need for that. But, let's be smart about it. Let's be resolute. Let's be clear before we get into the next negotiations. I don't want to see Mr. Dugas as the messenger getting shot. I'd rather see him as the tool to implement a successful negotiating strategy in the future.

Ms. Flug:

I would like to invite Ken Gilbertie, Vice President of the union to make a brief statement. I understand he intended to make a statement during public comment and did not take the opportunity to do that.

Ken Gilbertie, Vice President, AFSME, local 1303-387:

The Westport Municipal Employees Union would like to voice its support in our members ratifying and approving the collective bargaining agreement between our union and the Town of Westport. This is the last stop in a long journey that

began in 2009, a journey that has included many meetings between members and deliberations between members and the negotiating teams. To this date, the town and the union have come to agreement twice. We believe we have worked with the Town of Westport in a fair and straightforward manner throughout these negotiations. We have been cooperative, respectful of all parties affected throughout this agreement. This is a great accomplishment by itself; however, we need the RTM to act and finalize this agreement. The settlement that is before you tonight is fair. You see before you a zero percent wage increase for 2009/2010; you see a health contribution that more than doubles the current rate our members pay. You have an independent job wage and classification study that shows you the value of our positions compared to other similar communities. These are real impacts to us. These are huge concessions to us. Our members have given great consideration to this collective bargaining agreement and they have done this with a sense of responsibility. We realize the situation that our town is in and with this knowledge, we know this contract is fair. Consider the cost of not ratifying. Consider the cost to the Town of Westport. You will continue to incur the cost of the arbitration process. You will continue to lose the money that our members agreed to add for their share in the health plan. We as a union know this. We came to an agreement last year that would have avoided these costs but it was rejected by you. We welcome you now with a more economical agreement looking for your approval. Show us the same consideration we have given you, our employers. Show us the fairness one show their employees. Thank you very much.

Diane Cady, district 1:

I just wanted to understand what you said about, "These are real impacts to us, these are huge concessions." Do you mean **by** us? You said **to** us.

Mr. Gilbertie:

What I was referring to was the medical contributions, for one. We are currently paying five percent premium cost share. At the end of this contract, that contribution will go to 13 percent so that more than doubles. That is money out of pocket. That is a concession that we've made. ...Concessions **by** us.

Ms. Cady:

I have just one more question. This contract will go to any new hires until 2013.

Mr. Dugas:

The contract covers current employees and will also apply to new hires. It will go through June 30, 2013. The spring/winter of 2013, we will begin negotiations for a new contract to begin 2013.

Ms. Cady:

Does anybody know how many employees that might be? What's average over two years in the way of new hires by the town?

Mr. Rea: There is a wage freeze.

Ms. Cady:

But the pension is not frozen. Any new hires will get the pension the way it is set up now. Do we know how many people that might be? Does anybody know?

Mr. Rose: Right now there is a hiring freeze.

Ms. Cady: I realize it would be an estimate at best.

By show of hands, the motion passes 30-2; Opposed: Bomes and Ashman. Rubin recused.

The secretary read item #4 of the call - An appropriation of \$4,340,626 to the Pension Budget Account (OPEB Plan Funding) in order to fund a contribution to the Other Post Employment Benefits (OPEB) Trust Fund. By show of hands, the motion passes unanimously, 33-0.

Presentation

John Kondub, Finance Director:

The item on the agenda was approved by the Board of Finance on Oct. 5. It is an additional appropriation to the general fund pension budget for OPEB plan funding. The amount of the request is \$4,340,626. It's to provide an additional funding to the OPEB Trust Fund for the 2011-12 fiscal year. It's the amount that has been the subject of a great amount of discussion. We did provide some supplemental information in the back. We talked about a proposed ARC done based on the valuation that had been completed that we received in September, the ARC being \$8.2 million based on a 7.5 percent discount rate. We know there is money built into the budget within our health insurance line and the education health insurance line to the tune of \$3.1 million. We are talking about a balance to fund approximately \$5.1 million. There is \$750,000 already built into the OPEB budget account and you can see the account number in the letter. We are talking about the additional amount required to fund this, approximately \$4.35 million. The plans to fund this, there was additional consideration when tax rate was set by the Board of Finance to tax for about \$3 million worth for additional OPEB funding. The intention is to take the balance out of our reserves which we noted previously in the committee report that they were fairly high. I know Mr. Bomes will address that. Basically, that's the presentation. We are here to request an appropriation of \$4.3 million.

Committee Report

Finance Committee, Mr. Bomes:

This is going to be the highlights of this report. As you may recall, before setting the tax rate last May, the Board of Finance wanted the current OPEB valuation from the actuaries as the last report was of July 1, 2007, but the report was not

completed in time. Additionally, in preparing the most recent valuation, the actuaries discovered that there were twice as many participants in the pension plan than in OPEB which raised a red flag. Though this was expected to substantially increase the unfunded OPEB liability and, therefore, the annual required contribution (ARC), the actual amounts were not quantifiable when the Board of Finance set the tax rate. In anticipation of the delay in receiving the valuation and the many more participants of the plan, the Board of Finance anticipated, when it set the tax rate that a \$3 million contribution to OPEB would be made this year. So, of the \$4.3 million, \$3 million has already been built into the tax rate. In determining the ARC, there are several assumptions that go into the actuaries' calculation. Two of the largest variables are future increases in medical costs and the expected earnings rate of the assets in the OPEB trust, known as the discount rate. That is, if you expect lower increases in future medical costs and assume a high rate of return on your assets, you lower the ARC. The current valuation report projects that medical costs will increase by nine percent in 2012, gradually decreasing to 4.5 percent in 2017 and thereafter. This seemed rather low to the committee as we all know that health care costs have increased much more than that in the past and it seemed rather arbitrary to dramatically decrease the future increases. The annual discount rate assumed by the actuaries was 7.5 percent. While historically, this rate was in line with past returns, the committee felt that projecting this rate going forward is much too aggressive considering the current interest rates are at historic lows and the current economic malaise could persist for many years. If we underestimate future medical costs and overestimate future earnings, we reduce current contributions to the OPEB trust but potentially put future taxpayers at risk because they would have to make up any shortfalls in the trust. The impact of various discount rates can be rather dramatic. The difference in discount rate of three percent will increase the unfunded liability by \$45 million and increase the ARC by \$3.1 million. Most committee members felt that a six percent discount rate as opposed to the 7.5 percent that was used was more realistic which would increase the funding amount by \$1.3 million over the appropriation request tonight; however, as you know, the RTM has no authority to increase the amount approved by the Board of Finance. I also want to point out that of the \$4.3 million of which \$3 million is basically in the tax rate, the First Selectman has committed to reduce expenditures in the current budget by \$500,000 and there is \$900,000 that was turned back from the last year's budget so the impact of the funding request was not as great as one might expect. The committee voted 6-1 to approve this request. Voting yes was Rea, Bomes, Bruce, McCarthy, Talmadge and Wieser with only Lowenstein voting no. However, there were some recommendations that the committee offered: The Board of Finance should reconsider funding OPEB using a discount rate from 7.5 percent to six percent which, again, would increase the current year contribution by \$1.3 million. While we applaud the First Selectman for committing to reduce current year's expenditures by \$500,000, the Board of Education should consider reducing their current budget in order to help fund OPEB since at least 40 percent of the current and projected retirees covered by OPEB are Board of Education employees.

Because of delays in preparing the report and questioning the accuracy of actuarial valuations, the administration should replace the current actuaries and hire ones with municipal experience. Annual and timely OPEB valuations should be prepared every year rather than every three years. Non-union pension plans including OPEB and those union plans that can contractually be changed should be modified as soon as possible to ease the burden on current and future taxpayers from our overgenerous and unsustainable retirement benefits. Lastly, our annual budget process should be made more transparent with the true cost of employees at salaries plus all benefits such as medical, pension and OPEB include within each department's budget rather than shown separately in the back of the budget book.

Members of the Westport electorate

Bart Shuldman, 14 Broadview Road:

In speaking to one of the members of the RTM about OPEB and, as we discuss OPEB many times in town, what I found somewhat interesting is the details. What is OPEB? What does it mean to the Town? What have we passed? What is going on? I decided to put together a quick summary so when you are deciding on OPEB, what is it? What exactly is OPEB and what are we offering our employees? What have we done with this new evaluation? The first page just shows you what the differences are, the employees, so you just know the differences between the errors that were made. As you will see, most of it was with municipal employees. The old had 90 and the new has 393. In retirees, the municipal employees, there were 29 and now it's 96. That will show you where some of the errors were made. When we start talking about the medical plan, you just heard that the increase goes from nine percent to 4.5 percent over a few years, I did want to highlight to you, in 2010, the two major plans that employees are under, the BC Century Preferred under 65, these are for people who haven't retired, and the BC Carve Out over 65, the increase was 24.3 percent. As you can see, we are starting to talk about nine, eight, seven, six, five percent increases. In 2010, the increase was 24.3 percent. In 2011, 3.4 and 7.6, so if you average them, it's about 15 percent that the town has experienced. Just to go over quickly what the OPEB benefit is, what we are offering our employees, so we understand when we start approving this, what they are actually getting, policemen and firemen, 20 years of service, they are eligible for OPEB. If they become disabled and retire, they have to have 35 ½ years of completed service. Please understand that their spouse and dependents get this benefit after the employee dies. There is continued coverage after the death of the employee. When they retire, the employee pays 40 percent. The town pays 60 percent. The spouse and dependents can keep this going after the death of the employee, 40 percent by surviving spouse and dependents is paid and 60 percent by Westport. In the calculation of what the town owes, people putting together the plan of how much we owe basically assume that the children will leave the plan at the age of 26. If we have a town employee who is 30 years old, a policeman who stays until age 55, retires, they get the plan, their spouse gets the plan, their children get the plan. Let's say the guy has got a 10 year old child. The child can stay on the plan

as long as they want. In the estimate of what the town will owe, we estimate that they leave the plan at the age of 26. That doesn't have to happen. They could stay on the plan until age 30 or 35 if they decide not to work or go to school and not have another job where maybe the medical plan is better, we are offering the policemen, spouse and the children this wonderful medical benefit. This is really just medical costs. The 40 percent will be paid by the retiree and 60 percent by Westport. For the Public Works, there is a rule of 75, that's age plus years of service. Somebody who is 50 years old with 25 years of service will get it. Age 55, if they complete 10 years of service, they get this program. Once again, they pay 40 percent upon retiring, Westport pays 60 percent. In 2010, when the program ran up over 24 percent, the amount the retiree pays cannot increase by more than 10 percent so if the cost goes up by 24 percent...

Mr. Rose:

Mr. Shuldman, I'm going to interrupt you for a moment. I really appreciate the effort you have put into this. What is on the table is whether or not we should fund the \$4.3 million. If you could try and get to that.

Mr. Shuldman:

Sure. Sure. You can go through this. You can see that it is a very lucrative plan. I don't think we have done a very good job in trying to understand the true costs of this plan. The discount rate is high, 7.5 percent. The medical costs are extremely low. We've averaged over 15 percent over the last two years. We are covering the spouse. We are covering the children. We have made an estimate that the children will get off the plan at 26. There is not document, in the report that they put together, there is no information as to what our experience is with these children coming off the plan by the age of 26. This is the liability that we have. The amount of money that is being put aside is way too low. The eventual cost impact to the residents, to the senior citizens, to all the people of this town is going to be tremendous as this keeps going on. We need to get a handle on this. We need to understand this and renegotiate ourselves out of such a lucrative plan. At the same time, the amount of money we are putting away in no way enough to cover what's going on.

Helen Garten, 4 River Lane, Chairman of the Board of Finance, speaking only as a Westport taxpayer:

As far as the board is concerned, we voted to recommend approval of the administration's funding request and our vote speaks for itself. But I do want to address some of the concerns, misunderstandings and untruths that I'm hearing regarding the circumstances of this appropriation. First of all, we all agree, the undercounting of employees in both the original and the new OPEB reports was an immense bungle. I was going to use a different word but decided perhaps I can't in this setting. But what I want to talk about tonight is what this bungle means for Westporters financially. It doesn't mean we have suddenly incurred a new \$120 million liability. If \$120 million is a correct estimate of the future cost of our promise to pay retiree medical benefits, then this liability was incurred in

1985 or perhaps even earlier. The Police Pension, for example, provides that effective July 1, 1985, retirees can stay in the town's medical insurance plan by paying a modest portion of the costs as Mr. Shuldman has just pointed out. Other pension contracts contain similar language. So, as early as 1985 and probably before, the Town has promised to subsidize medical costs for retirees. That's how and when we incurred an OPEB liability. This liability is neither a current expense nor a fixed expense. In other words, even if our long term OPEB liability is, in fact, \$120 million, that does not mean that every Westport household owes \$12,000. The only obligation that Westport will incur this year and next year and the years after that are the annual cost of medical benefit benefits actually received by retirees. This cost this year is \$3 million for all retirees. That's too much in my opinion and I think that's too much in the opinion of many of you and members of the Board of Finance. We can do something about it. If we make the necessary changes to our medical and pension plans to provide a sustainable medical package for our retirees, then future Westporters will not owe \$3 million or more and when we project our costs for the next 30 years, the total will be much lower than \$120 million. Now there is another financial bar to meet but this is one we've set for ourselves. In 2008, we made the voluntary decision to begin to pre-fund future retiree medical costs by contributing an ARC, Annual Required Contribution, to an OPEB trust. At the time, some members of the Board of Finance did not want to fund the ARC. They did not think it was necessary. That changed this year when the board unanimously recommended that the RTM fund the full ARC going forward. We reaffirmed that recommendation last October, even though we knew that the new OPEB report was still missing some employees. You may ask, how can we base a funding decision on unreliable numbers? What if the recommended ARC turns out to be far too low? Or even too high? This may well be the case but it's important to recognize that the amount that you decide to contribute to the OPEB trust is a matter of judgment not legal mandate and not actuarial calculation. The ARC is a guidepost not a goalpost. It's based on assumptions not on certainties. You must do what you always do which is to balance competing priorities: the need to fund our schools and essential services, the need to keep taxes reasonable and the need to save for the future. I'm not going to tell you how to exercise that judgment but I want to caution you to base your decision based on facts not fear. The reason we go through this exercise of trying to estimate the cost of past promises to employees is that it encourages us to take steps to reduce our liability while we still can. I am very concerned that exaggerations of the magnitude and impact of this liability is actually going to impede corrective action. Town leaders will give up in despair of even getting a handle on this cost. Union leaders will scoff at hyperbole and ignore our warnings. The Westport taxpayers will fear that their schools and roads and the quality of life are in imminent jeopardy. Those fears are unfounded. We have time to act but wringing our hands or looking for scapegoats will not get us where we need to go. I'll leave you with the wisdom of a former president who served back in the time when civility in government was still a mark of political courage. "You do not lead by hitting people over the head."

Ken Alexander, Finance Department:

We have been pretty battered and bruised over this OPEB and I want to address, especially, at this point, the 7.5 percent decision that the Finance Department made to use as our discount rate. It was talked over with our actuaries and it was reviewed and approved by our auditors. In addition, we were requested to provide information to Tom Lasersohn from the Board of Finance and Sept. 20, we provided 23 years of data in reference to the rate of return on the pension plans. I've got copies of that data here. We are looking at long liabilities and we've got to look long term for the rate of return. Over 23 years, we've had 8.1 percent. I hope that maybe that might put a rest to it.

Mr. Joseloff:

This is an issue, obviously, that we've discussed for many months. I'm not happy with missing some employees but before somebody asks, we are already asking on some of the recommendations of the Finance Committee of the RTM, namely, we are seeking new actuaries. I have appointed a bipartisan search committee, evaluation committee that includes Mr. Lasersohn from the Board of Finance to evaluate firms coming in. In one presentation, I don't think I'm breaking any confidence, we talked about the discount rate and one of the firms said that is exactly the rate we seek from our municipal clients. We think it's a good rate. It's not too high. It's not too low. As a matter of fact, we are trying to get some of our clients to come down to 7.5 percent. Don't forget, as Ken Alexander said, this is a moving target. It's a projection out 30 years. We do evaluation and recommendation from your committee every year. We're certainly taking to heart. We want to get a handle on this. We want to be fair to our employees. We will negotiate new pension contracts and new medical benefits contracts. Helen Garten is absolutely right. What you are hearing now is some of the scare tactics of \$12,000 per household are just that. It is not an understanding of what is at stake here. Somebody might say we might fund more if we use a six percent discount rate. The reality is I'm pledging and have pledged half a million dollars. I'm self cutting my budget, the municipal budget, by \$500,000. If we were using a six percent discount rate, I'd have to come up with another \$1.3 million or the town would. As the committee also pointed out, many of the employees we are now counting come from the Board of Education side. I think this is a good figure to use this year. We will evaluate it again next year. It is consistent with our pension fund discount rate and I urge your approval.

Ms. Flug read the resolution and it was seconded by Mr. Rubin.

RESOLVED: That upon the recommendation of Board of Finance, the sum of \$4,340,626 to the Pension Budget Account (OPEB Plan Funding) in order to fund a contribution to the Other Post Employment Benefits (OPEB) Trust Fund is hereby appropriated.

Mr. Rose:

It has been moved and seconded by Mr. Rubin to approve the resolution just read.

Members of the RTM

Mr. Lowenstein:

When I was a little younger than my grandchildren are now, my mother said to me, 'Richard, when I give you a dollar allowance, I want you to save an equal amount to what you are spending.' When we had the RTM Finance Committee meeting, I was thinking about the fact that this ARC and this percent discount that we are using, it's argued all over the place. I said why can't we go on the basis that we had gone on before which is essentially pay as you go. For every dollar we spend on retiree benefits, you heard the figure tonight, \$3.something million, let's put an equal amount aside for the future. I naively thought that this would be something that would be good but it's complex. I have to admit though that I can't come before you to say there is another way to do it. If there is, I don't know what it is, particularly two weeks after we had a meeting on the subject. It's very complex. I am going to vote to support this appropriation. My own personal belief is that there are fundamental changes in the United States as far as medical expenses are concerned. You saw it happen with the President's Health Care Bill. There will be other changes made and this will go on for many years. I think we are beginning to control it. For example, Medicare which has the \$96 premium for this year, will only go up to \$99 for next year which is a very small percent. Why, I don't know but maybe this is an encouraging trend. We talked about the union negotiations and I had asked a question of the Assistant Town Attorney: Could we, as a town, when it comes to negotiating new contracts for the employees, fire, police and so forth, could we change the medical benefits for the retirees, those who have been here and gone? The answer I got from Floyd Dugas is yes. Generally speaking, when the contracts come up in 2014, 2015, whatever year you want to pick, you can say to the retirees, you have to, of course, negotiate it, here's the plan you were on eight years ago when you retired and we are changing it. You are going to have to pay a little more than you were paying before. That may be the way it happens. Before that happens, I believe the earliest contract change will be in 2014, I believe that the town has to set the example. By that I mean, I think it is important that the non-union non-management and the non-union management pension and health agreements for retirees have got to be modified in the same form and fashion that we want the union contracts to be modified. In that way, we can show the unions that we are doing for ourselves what we are asking you to do. We can't just, in 2014, say to the WMEU, we want you to change the contract not having changed the contract for the non-management and management non-union people. I will support this. Maybe I was naïve. Maybe there are better ways of doing it. I think that Ms. Garten gave some very good points for us to consider but I really feel if we are going to have change coming, it has to start at the level where we can change it today.

Mr. Klinge:

Just a couple of thoughts...I think you all got something in the mail about the \$12,000 per household over the next 30 years or \$400 per household. That was

designed, I guess, to get your attention. I suspect that's not a terrible number for most people in this town but I had a sobering thought based on my simplistic math. If I recall, if you invested a dollar at eight percent, it would double in 10 years and double again in the next 10 and double again in the third decade. We are talking about a 30 year obligation here and 7.5 percent. If you use eight percent instead of 7.5, forgive me that one, and I'll start with the Dow at 11,000 where it appears to be heading anyway and you bought shares in the Dow with our funding, the Dow would be 22,000 in 2021, 44,000 in 2031 and 88,000 in 2041. I'm just throwing out the thought. I suspect that is a very ambitious number. I think if we could look into the future, I think six percent looks a lot better for planning than 7.5. I won't be around to see it but 88,000 Dow in 30 years seems a rather prodigious feat for any economy.

By show of hands, the motion passes unanimously, 33-0.

Mr. Rose:

Thank you all and good luck to everyone who is running next week and that would include me!

The meeting adjourned at 10:03 p.m.

Respectfully submitted,
Patricia H. Strauss
Town Clerk

A handwritten signature in cursive script that reads "Jacquelyn Fuchs".

by Jacquelyn Fuchs
Secretary

ATTENDANCE: November 1, 2011

DIST.	NAME	PRESENT	ABSENT	NOTIFIED MODERATOR	LATE/ LEFT EARLY
1	Diane Cady	X			
	Matthew Mandell	X			
	Elizabeth Milwe	X			
	Judith Starr	X			
2	Linda Bruce	X			
	Michael Guthman	X			
	Jay Keenan	X			
	Sean Timmins	X			
3	Amy Ancel	X			
	Robert Galan	X			
	Bill Meyer	X			
	Hadley Rose	X			
4	Jonathan Cunitz, DBA		X	X	
	Gene Seidman	X			
	George Underhill	X			
	Jeffrey Wieser	X			
5	Barbara Levy	X			
	Richard Lowenstein	X			
	Paul Rossi	X			
	John Suggs	X			
6	Joyce Colburn		X	X	
	Paul Lebowitz	X			
	Catherine Talmadge	X			
	Christopher Urist	X			
7	Arthur Ashman, D.D.S.	X			
	Allen Bomes	X			
	Jack Klinge	X			
	Stephen Rubin	X			
8	Wendy Batteau	X			
	Heather Cherry		X	X	
	Michael Rea	X			
	Lois Schine	X			
9	Eileen Flug	X			
	Kevin Green, Ph. D.	X			
	Velma Heller, Ed. D.	X			
	John McCarthy	X			
Total		33	3		