

BOARD OF ESTIMATE & TAXATION MEETING ACTIONS

**JANUARY 10, 2005
NORWALK, CONNECTICUT REGULAR MEETING**

PRESENT: Mayor, Alex Knopp Tim Buzzee
Gregory Burnett Tanya Court
James Clark Ron Coley

ABSENT: Randall Avery

Also present were: Pam Stark, City Clerk, Thomas Hamilton, Director of Finance, Ann Twomey, Director of Management and Budgets; Sara LeTourneau, Personnel Director, Fire Chief Sanford Anderson.

Mayor Knopp called the meeting to order at 7:40 and suggested they take the agenda out of order. There were no objections.

APPROVAL OF THE MINUTES

December 6, 2004

**** MR. BUZZEE MOVED APPROVAL OF THE MINUTES AS AMENDED.**

The following corrections were made:

Page two, third paragraph, last line delete "was it". Page four, fifth paragraph delete "during" and to note that the schools would be closed during the week of February 23, 2005. Tenth paragraph, last sentence delete "to the end of". Eleventh paragraph, fifth line, change stop to step. Page five, tenth paragraph should read: Mr. Clark asked if the Chief expected the recent heightened level of security to be maintained.

**** MOTION PASSED UNANIMOUSLY.**

SPECIAL APPROPRIATIONS AGENDA

Section A – Advertised Items

1. RESOLVED, that a sum not to exceed \$50,000 be and the same is hereby transferred from Contingency to the Personnel Department to pay for a shortfall in the Other Professional Services Account for arbitration expenses. (Account No. 01-0700-5259).

Ms. Twomey stated that through November the expenses are at \$35,071 with a pending payment. The expenses from December to June have been averaging at \$5,500 leaving an estimate of \$38,500; by adding the difference between the original budget and expenses through November of \$10,071 brings the total to \$48,571. Therefore finance is recommending the \$50,000.

Mr. Burnett noted that during their last meeting they had appropriated \$50,000 for legal fees; he asked what the difference was.

Mr. Hamilton replied that the legal fees discussed during the previous meeting were for the Corporation Counsel's office. The appropriation tonight is with regard to legal fees relating to labor issues, negotiations or grievances.

Ms. LeTourneau stated that they use outside counsel that assists them with arbitration and specific labor law issues that are more complex.

**** MR. CLARK MOVED APPROVAL OF THE ITEM.**

**** MOTION PASSED UNANIMOUSLY.**

2. RESOLVED, that a sum not to exceed \$15,000 be and the same is hereby transferred from Contingency to the Organizational Memberships budget to pay for the City of Norwalk's fee for the Connecticut Coalition for Justice in Education Funding. (Account No. 8200-5235).

Mayor Knopp indicated that last month he had distributed information regarding the formation of a coalition to deal with the unfair disparity between Norwalk and other urban areas. The purpose of this new approach is to focus on the cost of educating all children including children from poverty families and students with special needs so that all children have the same opportunities to succeed in a high stakes testing environment. The Mayor went on to say that if this Board and the Common Council approves the appropriation he would be asking the Board of Education to also endorse it. He noted that he had received positive feed back from Bruce Mellion (President of NFT). This is a promising approach and will benefit Norwalk – it is a good investment for the city.

**** MR. BURNETT MOVED APPROVAL OF THE ITEM.**

**** MOTION PASSED UNANIMOUSLY.**

Mayor Knopp thanked the Board saying that this is an important initiative for the city.

OTHER BUSINESS

Section C

Authorize the Special Capital Appropriation for Meadow Street Fire Roof Project – Account No. 09053110-5777-CO312 Supplemental Appropriation \$18,5777

Mr. Hamilton stated that this appropriation is for the roof project at Meadow Street. He referred to an explanatory memorandum from Alan Lo in the packet regarding the project being put out to bid, bids were received and they found the lowest responsible bidder was still short. The staff are convinced that the prices is fair and competitive and they have also determined that there is no way to scale the project back.

Chief Anderson implored the Board to approve the appropriation as there are many leaks in the roof and they have to use buckets each time it rains; he added that the repairs will help to keep the station in good order.

Mr. Hamilton noted that the source of financing comes from the fund balance within the capital projects.

** MS. COURT MOVED APPROVAL OF THE ITEM.
** MOTION PASSED UNANIMOUSLY.

Authorize the Special Capital Appropriation for Brookside Elementary School Project - Account no. 09055010-5777-C0171 Supplemental Appropriation \$28,655

Mr. Hamilton indicated that there is a request from Stuart Opdahl asking this Board and the Common Council to appropriate monies that were received from CL&P as part of an energy rebate on certain work that was done at Brookside School on the renovation project. There are not sufficient funds to complete the playground work that needs to be done.

Mayor Knopp said they are intending to use the rebate money to fix the playground, as this is one of the qualifications for like-new renovations.

** MR. CLARK MOVED APPROVAL OF THE ITEM.
** MOTION PASSED UNANIMOUSLY.

Authorize the Special Capital Appropriation for Energy Conservation Project – Account no. 090571000-5777-C0327 Supplemental Appropriation \$74,950.

Mr. Hamilton said this is an appropriation request for \$74,950 and also relates to a CL&P energy efficiency grant that the city has qualified for, in this case it is a project for city hall.

** MR. COLEY MOVED APPROVAL OF THE ITEM.
** MOTION PASSED UNANIMOUSLY.

Set tentative date for public hearing for operating budget

Mayor Knopp said as discussed during the last meeting the scheduled public hearing falls within the winter break and therefore parents might feel that they don't have adequate opportunities to solicit the Board of Estimate and Taxation regarding the budget.

There was discussion of the potential dates. The date of March 2, 2005, 7:30 pm was set for the public hearing.

1. Finance Director presents the FY 2005-06 Departmental Budget Requests including his recommendations to the Board of Estimate and Taxation.

Mayor Knopp stated that tonight, under the City Code, the Finance Director is required to transmit the proposed requested budget of each department of the city together with the Finance Director's criticisms and recommendations. It is obvious from that language that this is not the final recommendation from the Finance Director, it is not the final budget from the Mayor and it is not the final budget of the City. The budget process is a multi-stepped process with each departmental budget being evaluated by the finance department and then for it's major review, it comes to the Board of Estimate and Taxation for evaluation. Tonight is the beginning of the process, not the end and there will be many, many more changes.

Mayor Knopp thanked Mr. Hamilton and Ms. Twomey for putting together so much information in such a relatively short period of time. He said he hoped the Charter Revision proposal will be approved in November and this will be the last budget that will have to be evaluated in such a short period of time. Referring to the Finance Director's recommendations, Mayor Knopp pointed out that they are still waiting for answers to many questions from the Board of Education. The amount of time they have waited is not unreasonable and nobody is at fault, but due to the way the budget process is set up the Finance Director has no choice but to base his criticisms and recommendation on the information he has at the time.

Mr. Hamilton reiterated that the nature of what they are transmitting are the departmental requested budgets together with criticisms and recommendations. The development of the city budget takes place in a larger economic fiscal environment; the current environment is one where the country is recovering from recession. The state fiscal picture has certainly improved from a year ago and they are not anticipating any mid-year state aid reductions this year. However, there are indications from the Governor's office that they expect a shortfall between revenues and expenses for the state in excess of a billion dollars and this gives them reason to be concerned about where state aid might be headed. As the budget process is so early the city does not have the benefits of what the Governor will be proposing for 2005/06 and that will be available at the end of February. The other point Mr. Hamilton made regarding the issue of whether state aid will go up or down is really the smaller of the issues as in Connecticut there is an over-reliance on property

taxes. Connecticut relies more on property taxes than almost any other state and unfortunately hits Norwalk particularly hard because the aid that the state does distribute is largely based on property values and Norwalk has high property values. The other item is the impact of re-evaluation, noting that the first year is always the most difficult so this is something that needs to be taken into account as they proceed through the process.

Regarding the budget summary, the departmental budget requests total \$240,476,000, just over 8% in change in expenditures. All estimated revenues from all sources other than current taxes are expected to increase by 2.2% these represent a variety of items including state aid, interest income and other miscellaneous income to the city. Under the requested budget that they are presenting the total tax levy will increase by 8.95%. Mr. Hamilton noted that the Mayor has informed him that this tax levy increase of this magnitude is unacceptable. He noted that included in the back up material are the actual district mill rates that accompany the requested budget. With regard to the budget assumptions, the budget is predicated on a tax collection rate of 98.2%, which is the same collection rate they used last year. The only significant increase to inter-governmental revenues related to the state aid is for highways. Department fees and charges are comprised of many, many large and small items, the kink in this area is due to two major factors, one is the real estate conveyance tax that the Finance Department have spent a long time talking about last year. That tax was originally slated to be reduced but was increased by the State Legislature last year and then was extended to the higher level until June 2005; a portion of this is slated to sunset at the end of this fiscal year. He said this is an area they would want to keep an eye on. Secondly, there is a reduction in town recording fees and that is due to a decline in re-financing activity, interest rates have gone up and re-financing activity has decreased. On the flip side of that, Mr. Hamilton indicated they have factored in interest income of nearly \$900,000. On the expenditure side of the budget, the Board of Education represents the largest portion of the city budget, it currently represents 57.2% of the budget and when debt service is added in the Board of Education's total of city spending rises to 59.6% of the budget. This is a major driver of the overall city budget; the increase the Board of Education has requested is \$7.4 million (5.81%) and when related debt service is added the total effective real increase in Board of Education spending is \$8.6 million. The Mayor issued a memo to the Board of Education back in December 2004 giving budget guidelines based on ways to reduce education spending, for example labor contracts, health insurance costs etc. He said it is the belief of the city that the ranges set will be the targets that they hope to achieve. On the topic of debt service, Mr. Hamilton noted that this is one of the major drivers of the city budget for next year and will continue to be for several years. The biggest drivers are the major school reconstruction and renewal programs that are presently underway including Brien McMahan and Brookside; of course there are other city projects for example the police station. Debt service costs are going up next year by \$2.8 million; this is not unexpected as it is part of the city's long-term plan for renovating facilities. With regard to the other major areas on the expense side, Mr. Hamilton drew attention to city labor contracts that are built into the step increases and general wage increases which amounts to 4% overall increases. There are a number of new position requests (26) that are built in to the requested budget that would total salaries \$1.26 million. Again the Mayor has indicated that there will be significant changes to the

amount that they are ultimately able to afford. The budget continues to include eight firefighter vacancies that they have been carrying for a number of years and have found that they are cheaper to cover these position with overtime than with new employees. Mr. Hamilton referred to medical insurance noting that it has moderated from discussions last year but continues to escalate at a rate in excess of inflation. The solid waste disposal is also a major item in the budget; those numbers have not yet been finalized but will be in the next month. Mr. Hamilton mentioned that the city has adopted a new allocation methodology for workers' compensation and general liability so in some cases there are some fairly significant swings. The budget also identifies policy issues and budget initiatives; he referred to page 10 of the budget document for examples. He said they are suggesting a collective responsibility on the part of the city and the Board of Education to understand that since a high priority has been placed on the schools infrastructure that the budget implications have to be shared. Funding requests coming from the DPW including a number of ambitious proposals relating to a host of operations noting that this would be something that this Board would want to address during the course of the budget process. In terms of the IT Department, the existing organization is out of date and has not been updated including job descriptions that do not address the current needs of the city. Mr. Hamilton said they have proposed a significant re-organization of the department. Finally, with reference to performance measurement project, he said that Ms. Twomey and her staff have been working very hard on this and the budget document now includes performance measures for each department; he noted that this is still something they are working on but they are making significant steps forward. Mr. Hamilton suggested that this Board talk to the individual departments about their performance indicators to provide a better understanding.

Mr. Hamilton thanked Ms. Twomey and her staff for their many hours of work in pulling the budget document together.

There was brief discussion regarding the schedule.

OTHER BUSINESS (Continued)

Discuss Fees and Fines Master List

Mayor Knopp said that when he first became Mayor he discovered there was not a system in place regard the status of fees for different departments so they required each department to forward to the Finance Department a list of all of the fees for services, as well of a description and when they were last changed. Along with inter-governmental revenues there are also fees that the city counts as revenue. Each year the Board of Estimate and Taxation has the opportunity to review the list and to interpret what extent of the fee revenue should be utilized in setting the city budget. The Mayor suggested that Board members look through the list noting the date of when fees were last adjusted.

ADDITIONAL INFORMATION

Section D

Police Overtime

Mr. Buzzee asked what the status was regarding the police overtime.

Mr. Hamilton replied that it is still a problem adding that he had not looked at the numbers this month.

Ms. Twomey added that they would have a better idea by next month's meeting

Mayor Knopp explained that part of the problem is that new officers are still completing training at the academy and the city still has to pay them while they are being trained and pay for the overtime while the new officer is in the academy. He said they would get a better picture when the new officers are through with their training.

** MR. BUZZEE MOVED TO ADJOURN.

** MOTION PASSED UNANIMOUSLY.

The meeting was adjourned at 8:50 pm.

Respectfully submitted,

Kate Kye
Telesco Secretarial Services

