

BOARD OF ESTIMATE & TAXATION MEETING ACTIONS

SEPTEMBER 8, 2003

NORWALK, CONNECTICUT

REGULAR MEETING

CALL TO ORDER AND ATTENDANCE

PRESENT: Adam Farstrup, Chairman

David Davidson

Ron Coley

Mayor, Alex Knopp (8:10)

ABSENT: Randall Avery

Tim Buzzee

Tulio Lopez

Also present were Pam Stark, City Clerk; Tom Hamilton, Director of Finance; Ann Twomey, Director of Management and Budgets; Chief Verda; Stuart Opdahl; Fred Gilden.

Mr. Farstrup called the meeting to order at 7:35pm; he noted that there were not enough members to make a quorum so they would go ahead with the discussion items first, taking the agenda out of order.

ADDITIONAL INFORMATION (SECTION D)

Oak Hills Park Financial Status

Ms. Twomey referred to the Oak Hills Park – Financial Status as of July 31, 2003.

Mr. Davidson noted that there was a deficit of approximately \$92,000; he asked if this was due in part to the reserve for the restaurant as the budget for the year usually breaks even. He asked for an explanation of the deficit.

Mr. Davidson then referred to the contingencies (Reserve Balances) and commented that on the first page the figure was \$104,482 and later on it comes out at \$208,000 – he asked for an explanation of the difference.

Mr. Hamilton replied that they would look into this and have a response by the next meeting. Mr. Davidson thanked Mr. Hamilton noting the importance of this so they know what is happening.

Summary of Special Appropriations

Ms. Twomey said they did do the transfer from 2003 to 2004 for the contingency to various accounts.

Action of Personnel Committee

Mr. Davidson asked if there had been any action by the Personnel Committee. Ms. Twomey replied that there had been no change.

Year-to-date Capital Budget Report (FY 2004)

Mr. Davidson asked, regarding the capital budget, if the figure for items in fiscal year 2003-04 budget that will not be bonded (\$1,680,414), were for the DPW. Mr. Gildea agreed.

Mr. Davidson asked if the figure of \$92,300 for the library is included in that (\$1,680,414). Mr. Gildea said the money was not in appropriations. Mr. Davidson confirmed that they approved taking the money out of the excess capital fund balance. Mr. Gildea said that particular item was not in there.

Mr. Davidson asked if his understanding was correct regarding the \$4.4 million excess capital funds – and if this Board can approve of the \$4.4 of capital items that will not require bonding. Mr. Gildea said that was correct.

Mr. Davidson asked if the balance had this arising due to the under-expenditure of previous capital appropriations. Mr. Gildea explained that it was due to gaining interest on investments during previous years and also there were times when they had received grants.

Mr. Farstrup asked in the future would they bond for new projects. Mr. Gildea said they would usually bond for new projects.

Board of Education – Year-to-Date Summary Report (FY 2003 and FY 2004)

Mr. Davidson said they had a special capital item for the Board of Education for textbooks for \$1.5 million and the amount does not appear on page 13 of the capital budget. He also asked if the \$1.173 million was already expended or encumbered. Mr. Davidson noted that he was aware that the Council had approved almost \$1.5 million of items and he asked what the timing was regarding the appropriation.

Mr. Hamilton replied that the timing is reflected in the report. Mr. Davidson confirmed that it was a matter of looking during the next month. He further asked when does an item get encumbered on the report. Mr. Gildea said it is when the purchase order is issued.

Year-to-Date Operating Budget Report (FY 2003 and FY 2004)

Ms. Twomey stated that they had made the necessary revisions to the operating budget for 2003.

Mr. Davidson asked if the revision was splitting the fund balance. Ms. Twomey said that was correct.

Mr. Farstrup noted that they would review this during executive session.

Mr. Davidson said regarding the increase in the miscellaneous accounts, was this due to the Maritime bond interest adjustments. Ms. Twomey said that it was.

Regarding the health department, Mr. Davidson asked if the increase in expenditures of \$35,000 for condemnation was this a reserve item or an expended item. Ms. Twomey replied that it was an expenditure, however, she would double-check this.

Mr. Davidson asked the finance department how final they felt the figures were subject to minor adjustments. Mr. Gildea said the figures on the expenditure side were mostly solid, they were not certain of the figures from the tax collection.

Mr. Davidson said with reference to the operating budget for 2004, he was aware that they had split the budget for the registrar's office and asked if the actuals had been split yet; he encouraged this to be done. Ms. Twomey said they had spoken with the registrars and the monies are now charged to the correct accounts.

Police Overtime

With regard to the new dispatch system, Mr. Davidson said he was a little concerned with the police dispatch overtime for July/August. He said since this is not going to be run in the same way he cautioned them to look at this. Ms. Twomey said they would follow up with this and noted that the regular overtime for both the police and fire departments for the year is looking good. Mr. Davidson said they should pay particular notice to training because during budget time they had made some modifications to this. Ms. Twomey explained that the way the projections were being done was that they were based on last year's monthly figures and further stated that her department would look into this.

Board of Education – Year-to-Date Summary Report (FY 2003 and FY 2004)

(Continued)

Ms. Twomey said during the last meeting there was a request made by the Board of Education to transfer \$2 million; \$1.8 million was transferred to the insurance fund (she referred to the back-up material) and \$300,00 was transferred to reserve for textbooks.

Mr. Davidson asked if the money was for specific items identified to be purchased. Mr. Opdahl replied that it was not. He explained what had happened in previous years and this year after they had decided on a new way to buy textbooks, they had the money sitting in the account. Mr. Opdahl stated that he and the superintendent (of schools) had had a discussion about that and felt that they should not continue to use money to cover deficits; they decided to use it in the textbook reserve; this is something that Mr. Miller had suggested over a year ago. He said that this money is designated to pay down principle and interest for textbooks.

Mr. Davidson said they are setting aside \$300,000 to pay down \$1.5 million. Mr. Opdahl interjected saying the money is there specifically what is was intended for, textbooks.

Mr. Davidson said he had a serious problem with the decision that was made. He said it flies in the face of the claim that was made at the time the \$1.5 million was set up. He said they already had \$800,000 of the \$1.5 million set up designated as textbook money. Mr. Davidson stated that the argument he put forth at the time is still valid.

Mr. Davidson said in looking at the increase of roughly \$4.1 million for the actual expense of the prior fiscal year to the revised budget, there is \$2.885 in increases in fringe benefits and unemployment insurance. He asked for an explanation.

Mr. Opdahl said he was not prepared to answer these questions and would like to review these figures and come back with a more definitive answer.

Mr. Davidson said he was specifically referring to increases from the last fiscal year to current fiscal year.

Mr. Farstrup noted that there was an unadvertised item, the fire department generator and asked Chief Verda and Ms. Twomey for their comments.

Ms. Twomey stated that Chief Verda had come back to them at the end of last week regarding the generator, in that after a further review of the situation, it was decided that a 125KW generator would be required as opposed to the original 100KW generator. She said this would mean the price of the generator would be increased to \$42,000. Ms. Twomey added that because they are still paying for a temporary generator this item would need to be approved in order for it to go on the agenda of the Common Council the next evening.

Regarding the concrete pad that the generator is to be placed on, Ms. Twomey reported that the DPW did not have the manpower to carry this out. She also noted that after speaking with building management they have suggested that a 10% contingency be built into the price of the generator.

Mr. Coley asked who had made the analysis regarding the 125KW generator and asked if the report (in writing) could be submitted to the Board of Estimate and Taxation.

Chief Verda stated that he had spoken with a number of different people about the size of the generator, including vendors, an electrical engineer and the building department. He also stated that he would be able to provide confirmation of the analysis from the building department.

Mayor Knopp joined the meeting at 8:10 pm. There were now enough members to make up a quorum.

APPROVAL OF THE MINUTES

**** MR. COLEY MOVED APPROVAL OF THE MINUTES OF AUGUST 11, 2003 AS AMENDED.**

The following corrections were made to the minutes:

Page one, under the corrections of the previous minutes – in the second line (Page 3, 2nd paragraph) change H to He. Eleventh line after the word taxation, this should be a new sentence; also to insert the word "page" after 5th. It should be noted that there was no instruction to delete the remainder of the sentence.

The following corrections to the previous minutes of July 14, 2003 were not noted and were as follows:

Page two, (of July 14, 2003 minutes) excess funds should be corrected to excess capital funds.

Page three (of July 14, 2003 minutes) after the figure of \$150,000 add "in interest costs".

Continuing with corrections of August 11, 2003:

Page three, first paragraph after the motion, first line, delete and – replace with "open to cover". Sixth line of the same paragraph, (before the sentence starting Mr. Miller) add the following statement. "Mr. Davidson asked consideration to be given to not fill the assistant manager of budget's position until the severance amount was covered." In the next sentence delete the word some and replace with no.

At the bottom of the page under transfer agenda Mr. Farstrup made the motion to approve the transfers and it should be noted that the motion passed unanimously.

Page four, under Action of Personnel Committee, in the second line, before the period, insert the words, from the excess capital funds. Same line, change wanted to requested. In the fifth line change venues to parties.

Page four under Financial Reports, at the end of the fourth line, delete the words gave an - replace with should provide. Last line of the same paragraph, insert the word capital before budget; delete the last word, he and replace with Mr. Farstrup had.

Page five, in the third line, correct statement to read: Dr. Corda's letter refers to expenditures on projects to be completed over the next five to eight years. Seventh line, same paragraph, correct sentence to read: Mr. Davidson discussed the establishment of an Adhoc Committee. Delete the last line of the sentence. It should be noted that the first sentence of the second paragraph, should become the last sentence of the first paragraph.

**** MOTION PASSED UNANIMOUSLY.**

SPECIAL APPROPRIATIONS AGENDA (SECTION A)

List of Resolutions

Advertised Items – 1

Resolved, that a sum not to exceed \$14,202 be and the same is hereby transferred from Contingency to the Information Technology Department to pay for any expected shortfall due to a severance payment. (Account No. 01-0600-5110).

**** MAYOR KNOPP MOVED APPROVAL OF THE ITEM**

Ms. Twomey noted that this is intended to pay for a severance payment in the IT department; she said it was necessary to fill this position immediately because of the considerable investment that will be made into upgrading city-wide IT systems.

Mr. Davidson asked if anybody had looked at the departmental budget of \$650,000. Ms. Twomey replied that they had.

Mr. Davidson noted that he would be voting against this as he did not believe they should be treating certain departments differently. He agreed that it was good in principle but said he would not support this unless the situation is critical and there were no other options possible after seeking out all alternatives.

**** MOTION PASSED THREE VOTES IN FAVOR, ONE OPPOSED (MR. DAVIDSON).**

Unadvertised Item – 1

Resolved, that a sum not to exceed \$20,650 be and the same is hereby transferred from contingency to the Fire Department to pay for a replacement generator at Station #2. Account No. 01-3153-5790

**** MAYOR KNOPP MOVED APPROVAL OF THE ITEM.**

Mayor Knopp asked if this was a result of the lowest bidder. Chief Verda replied that it was.

Mr. Farstrup confirmed that the Chief would supply a copy of the engineer's report outlining the need for a 125KW generator.

Mayor Knopp noted the 10% contingency and said he hoped that this would not be spent.

Chief Verda agreed with the Mayor and added that he would like to move on the creation of the concrete pad as he was concerned about the weather and the ten-week lead-time to obtain the generator.

Mayor Knopp said that he had spoken, once again, to Mr. Linnartz of the DPW who had said he would take another look at the situation.

**** MOTION PASSED UNANIMOUSLY.**

Board of Education (*Continued*)

Mayor Knopp stated that he had received an email from Dr. Corda about the funding for police during school activities and the amount set aside for this is inadequate.

Mr. Opdahl replied that he did not have the exact numbers with him but to the best of his knowledge it was approximately \$38,000 short.

Mayor Knopp said that after a discussion of the textbook issue, he asked if there was there a deficit that needed to be covered. Mr. Opdahl said that was for last year's budget (2004/04).

Mr. Davidson stated that on May 9, 2003 they had sent a letter to the Board of Education asking for an acknowledgment of the \$70 million for the next seven to eight years; he said they had received a reply giving details of projections over the next five to eight years. He said they have not yet received the revision to the capital improvement plan that reflects the \$70 million. Mr. Davidson read the letter from Mr. Farstrup to the Board of Education.

Mayor Knopp stated that the city's commitment to the Board of Education to fund an extraordinary investment in school improvements is unprecedented and part of the process is not only to make available these funds but also to undertake a reform of the city's construction management process to ensure that the funds are expended in the best possible manner. To that end, the Mayor continued, they have set up the Norwalk Facilities Construction Commission, a city-wide building committee and part of that process is to hire a professional firm to serve as the city's project manager for all construction work in the city. Henceforth, the first task that this firm will undertake is to review the thematic facilities plan by the Board of Education. In terms of a revised plan, there is not one before them as the professional firm has not been hired yet.

Mr. Davidson asked if the plan is going to be developed by the firm or is the Board of Education going to put together a proposed plan that is going to be reviewed by this firm.

Mayor Knopp said the approach that was recommended by the Board of Education (it has been conceptually approved by the state Board of Education), is one that involves a multi-facility construction approach where work is done on many structures simultaneously. He said the recommendation has been made initially by the Board of Education and it wouldn't make sense for the Board to revise that plan without the professional construction firm having reviewed it. Mayor Knopp said by and large it would be done in tandem by the construction firm with input from the Board of Education, central office administrative staff and the Board of Estimate and Taxation so the scale can match the financing.

Mr. Davidson said when they were discussing bonding; a great deal of emphasis was put on the fact that the bonding authority must, at that meeting, be approved so they do not jeopardize the reimbursement rate etc. He said there was a lot of discussion about the data being submitted to the state therefore the bonding authority had to be done at that meeting and could not be delayed until they saw a revised plan. Mr. Davidson noted that he was a little confused about how those comments could be made at that time of the bonding authority are consistent with the review process just explained (by the Mayor).

Mayor Knopp said that nothing he had expressed was new; it was what they had maintained all along. He said when the Board adopted the plan and at the time he submitted the capital budget he stated that what was important was to have a facilities plan in place, the funding in place and the formal construction management company in place. The next item would be to have a feasibility review by the professional construction management firm.

Mr. Davidson said several meetings ago there were discussions about the state statute requiring that there be a member from the Board of Estimate & Taxation present at negotiations between the Board of Education and their unions representing teachers/administrators. He raised the question that negotiations were held and there was no representative present from the Board of Estimate & Taxation.

Mr. Farstrup said that he had had a conversation with Dr. Corda who had informed him that the contract was not re-negotiated it was extended by a year and by doing this, the school district were able to bring forward the cost sharing.

Mr. Davidson asked if this could be referred to the legal department to look at Section 10-153-D and assure this Board that in fact its presence was not required in these negotiations.

Mayor Knopp stated that this would be added to the agenda of the next meeting and he would have the language of the statute reviewed.

Mr. Davidson asked about the status of the Adhoc Audit Committee. Mayor Knopp replied that he had not had a chance to discuss this with Mr. Hamilton yet but intended to do so.

Mr. Davidson said with reference to the way they account for the solid waste disposal in the budget, as expense item and the revenue being handled as an offset to expenses. He said they have no information for budget and actual purposes of the revenue stream and what is generated. He said he has asked the finance department to present during the next meeting, the last two fiscal years regarding revenue and the expenses involved and what is in the current budget for fiscal year 2003/04. Mr. Davidson asked board members if they had any problems with that information being shared during the next meeting. There were no objections.

Mayor Knopp inquired if the Board needed to act upon year-end closing by the Board of Education. Mr. Hamilton replied that no, they did not normally do this, however the \$300,000 they had discussed earlier was a little different.

Mayor Knopp asked if the Board of Education was seeking additional funds from the city for utilization of the police at school functions, funds that are not in their budget, is there an opportunity to provide those funds out of the \$1.8 million. Mr. Hamilton said not out of the \$1.8 as that money is covering a shortfall in health insurance.

Executive Session

**** MR. DAVIDSON MOVED TO GO INTO EXECUTIVE SESSION TO DISCUSS RESERVE FOR ENCUMBRANCE, THE OPERATING FUND BALANCE AND THE CONTINGENCY ACCOUNT.**

**** MOTION PASSED UNANIMOUSLY.**

The following went into executive session at 8:45 pm: Mayor Knopp, Mr. Davidson, Mr. Farstrup, Mr. Coley, Mr. Hamilton, Ms. Twomey, Mr. Gildea and Mr. Opdahl. They reconvened into public session at 9:14 pm.

**** MAYOR KNOPP MOVED TO ADJOURN.**

**** MOTION PASSED UNANIMOUSLY.**

The meeting was adjourned at 9:15 pm.

Respectfully submitted,

Kate Kye

Telesco Secretarial Services