

**CITY OF NORWALK
BOARD OF ESTIMATE AND TAXATION
REGULAR MEETING
FEBRUARY 10, 2020**

ATTENDANCE: Edwin Camacho, Chair; Mayor Harry Rilling; Ed Abrams; James Frayer; Troy Jellerette; Artie Kassimis; Sheri Brown (6:36 p.m.)

STAFF: Henry Dachowitz; Chief Financial Officer; Angela Fogel, Director of Management and Budgets; Donna King, City Clerk

Mr. Camacho called the meeting to order at 6:30 p.m.

Ms. King called the Roll as indicated above. A Quorum was present.

1. APPROVAL OF MINUTES

January 6, 2020 – Regular Meeting

The following correction was made to the minutes on page 3:

Seventh paragraph, second sentence should read: Mayor Rilling said they are looking to figure out how they can find area pocket parks in South Norwalk to accommodate the South Norwalk school and so the residents will have park space.

**** MR. JELLERETTE MOVED TO APPROVE THE MINUTES AS AMENDED
** MOTION PASSED WITH ONE (1) ABSTENTION (MR. KASSIMIS)**

2. SPECIAL OPERATING APPROPRIATIONS AGENDA

(Section A) None

3. TRANSFER AGENDA (Section B) None

4. OTHER BUSINESS (Section C)

a. Presentation of the FY 2020-21 Recommended Operating Budget

Mayor Rilling said this was perhaps the most difficult budget he has experienced as Mayor. It was difficult to maintain the balance between the City's operating needs and the Board of Education's operating needs. He said Mr. Dachowitz was going to explain the budget process and provide figures and facts.

This weekend they cut \$2.2 million from the City's operating side of the budget. Mayor Rilling said he made it clear to the staff that if are requesting new positions, they need to be able to justify those positions.

Mayor Rilling said it was important to put out a fair, transparent budget, but to keep in mind they have to create a budget that is not unfair to the residents who pay high taxes.

Ms. Brown joined the meeting at 6:36 p.m.

Mayor Rilling said this budget was created with great thought and difficult decision making. He thanked everyone who worked over this past weekend.

Mayor Rilling said he supported the budget created by Mr. Dachowitz.

Mr. Dachowitz reviewed power point presentation of the FY 2020-2021 Operating Budget. He explained the timetable and said they started looking at prior year actuals in October, developed a target and came up with a pro-forma. He said 90% of the departments were direct and transparent. There was give and take.

Mr. Dachowitz reviewed the process used to come up with the recommended operating budget, including adding in-kind expenses.

Mr. Dachowitz talked about student enrollment. He said that from FY 2015 to FY 2019 the student enrollment was stable at 11,300 – 11,400 students; however, in FY 2020 the estimated number of students was 11,612 and it is projected that there will be an increase of an additional 330 students in FY 2021.

The total per pupil spending in FY 2015 was \$18,654 and in FY 2021 it is projected to be \$22,060. Mr. Dachowitz said based on the figures the public school announced, these numbers are 15% more then they claim.

Mayor Rilling said they are investing a lot of money into the infrastructure of the schools. In addition, all of the large, authorized projects have not shown up in the dept service yet, but they will. Mr. Frayer commented that including the in-kind expenses is how the budgeting process is supposed to be done. He said the Board of Education can't claim the City is under spending on the students.

Mr. Dachowitz presented the division of operating expenditures between the City and the Norwalk Public Schools: \$263.5 million (70.9%) for the Board of Education and \$108.3 million (29.1%) for the City.

Mr. Dachowitz reviewed the 2021 recommended budget – capital projects. He distributed a copy of the authorized capital appropriations and debt service for the City of Norwalk and the Board of Education.

Mr. Dachowitz reviewed the laws of economics and how they apply to budgeting. He said it is about making choices and trade -offs; it is about setting priorities and making decisions, knowing there are not enough resources to obtain everything. He also talked about the law of diminishing returns

Mr. Dachowitz discussed the challenges in establishing budgets for Norwalk Public Schools. He noted that the CT State law prohibits a city government from reducing a school budget below the prior year total. He said the Mayor, Board of Estimate and Taxation and the Common Council are only allowed to establish an upper limit. Norwalk Public Schools sets priorities and allocates resources, subject to Board of Education approval.

Mr. Dachowitz said he looked at the budgets and actuals for the last three years and said the Norwalk Public Schools presents information in confusing ways that are sometimes misleading. He said their FY operating budge request is 9% and their 7% increase claim is misleading and designed to reduce the perception of the size of this year’s increase. Mr. Dachowitz said the Norwalk Public Schools ignores in-kind services, they ignore their share of debt service and they ignore revenues from State grants. Ms. Brown asked Mr. Dachowitz if he discussed this with the Norwalk Public Schools. Mr. Dachowitz said they did not deny that his math was correct. Ms. Brown suggested this should be a more collaborative process.

Mr. Dachowitz said he met with the Norwalk Public Schools three weeks ago and told them their budget request was unacceptable. He said he did not receive anything back from them for 10 days. When he met with Mr. Hamilton, he suggested a phase in proposal. Mr. Dachowitz said he did not see that proposal until last Friday; they presented their proposal at the 11th hour. He said they did not play fair with the City.

Mayor Rilling said the first six budgets he was responsible for, they approached the Board of Education, because there was a wide discrepancy and they worked well on those budgets. This time it sees as if they are looking to dig in. They came up with three options for phasing in the budget. Mayor Rilling said the City always reached out to create a fair budget with the Board of Education, but at this point they are far apart.

Mr. Dachowitz said the Board of Education budget requests are always in the form of increases to prior years budgets and grouped by goals. He said it is difficult to determine total costs. He noted the salaries increased 9%, and included 23 new FTEs. He noted the Union contract had a 2.3% salary increase.

Mr. Dachowitz said the Norwalk Public Schools refused to formally request the new Norwalk High School construction project as part of their FY 2021 capital budget. Mayor Rilling said he specifically asked Dr. Adamowski if he wanted a new Norwalk High School. He said he wanted

the new school. Mr. Dachowitz said they do one thing in public and another in private. There is no spirit of cooperation.

Mr. Dachowitz said they only learn about certain details when events do not go as planned or accidentally such as gift cards for teacher appreciation and recruiting and fraud to pay local car taxes.

Mr. Dachowitz explained that gift cards were purchased with an expiration date of one year after purchase; however, the law in the State of Connecticut does not allow expiration dates on gift cards. In addition, a card with a face value of \$10.00 was purchased for \$15.00. He said there was no disclosure about who received the gift cards, the remaining inventory and the security of the inventory. He said he asked for this information five months ago, but has not gotten an answer yet.

Mr. Dachowitz talked about recruiting trips to recruit minority teachers to Puerto Rico, Detroit and Las Vegas. He said he agrees with the objective, but needs to know if their efforts were successful. He said he did not get any answers about the success of the trips, who attended and the cost.

Mr. Dachowitz said he questioned certain priorities and allocation of resources. He said the Norwalk Public Schools requested \$600,000 over a three-year period for indoor air quality recommendations. In 2018 the scaffolding at Andrews Field was identified as being of questionable quality. The City sent a note to the administration suggesting they have it inspected. He said they heard nothing. In a meeting with Mr. DiCostanza the City stated they were very concerned with the health and safety and the City rented and paid \$45,000 for safe scaffolding. However, in this year's capital budget, new scaffolding was not included. Mr. Dachowitz said Mr. Hamilton asked if they could lease the scaffolding.

Mr. Dachowitz said that despite all the challenges, the City is recommending an increase of 9.9%. It is the largest increase in six years and possibly ever. He said the City gave the Board of Education a healthy increase.

Mr. Dachowitz said the City is offering to increase efficiencies to reduce the tax increases. He said the City is offering to pay for both Norwalk Public Schools and the City of Norwalk to have efficiency experts conduct operations reviews and implementation of their recommendations. Mr. Dachowitz said the Cybersecurity review as already conducted jointly.

Mr. Dachowitz reviewed the City's operating budget expenditures.

Mr. Dachowitz said that in the current operating budget, they plan to transfer \$6 million from the fund balance to cover operating costs and next year they will transfer \$8 million. He reviewed the history of the fund balance. He said the managers did so well that there was an additional \$6 million surplus. He said the draw down will not impact the bond rating. Mr. Camacho said it is important that the City maintain its bond rating. Mayor Rilling said he has to draw down from

the fund balance to keep the tax levy down. Mr. Dachowitz reviewed the proper uses of the fund balance.

Mr. Dachowitz presented the 2021 tax levy and how that tax levy translates into mill rates by districts.

Mr. Dachowitz said that in conclusion, the recommended budget is balanced, fair shows fiscal restraints and is affordable for Norwalk single family owners.

Mr. Dachowitz thanked Ms. Fogel and the entire team.

Mr. Frayer said this is the third budget he sat in on and said this is exactly how it should have been done.

Mayor Rilling said this was the most challenging budget he experienced, but it is about tough decisions. On Saturday morning they cut \$2.2 million because there were concerns about the requests. The City government has been reorganized to improve services without over taxing the residents. It was not easy and he said he wants to be sure that no one is forced out of their homes, out of Norwalk or out of Connecticut.

Mr. Jellerette said this is also his third budget and the slides presented were eye opening.

Mayor Rilling asked the Board to contact the staff if they have any questions.

5. ADDITIONAL INFORMATION (Section D)

Oak Hills Financial Status – December 2019

Mayor Rilling said the lease is ready for signatures.

The following agenda items were for informational purposes only.

Special Appropriation

Status of Contingency

Financial report

Year-to-date Capital Budget Report – FY 2019-20

Year-to-date Operating Expenditure Report –FY 2019-20

Year-to-date Operating Revenue Report – FY 2019-20

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Year-to-date BOE Operating Expenditure Report – FY 2019-20

Tax Collector's Narrative – December 2019

Tax Collector's Report– December, 2019

Salary accounts

Police – FY 2019-20

Fire – FY 2019-20

Public Works – FY 2019-20

**** MR. FRAYER MOVED TO ADJOURN
** MOTION PASSED UNANIMOUSLY**

There was no further business and the meeting was unanimously adjourned at 8:28 p.m.

Respectfully submitted,

Rosemarie Lombardi
Telesco Secretarial Services