

CITY OF NORWALK
FINANCE/CLAIMS COMMITTEE
FEBRUARY 9, 2012

ATTENDANCE: Carvin Hilliard, Chairman; Matthew Miklave, David McCarthy, Douglas Hempstead, Warren Peña, John Igneri, Nicholas Kydes, David Watts.

STAFF: Lisa Bucciarelli, Tax Collector, City of Norwalk
Finance Department: Thomas Hamilton, Robert Barron, Fred Gilden, Comptroller.

OTHERS: Common Council: Jerry Petrini, Bruce Kimmel

CALL TO ORDER

Mr. Hilliard called the meeting to order at 7:30 p.m. and stated that there was a quorum of members in attendance.

APPROVAL OF MINUTES

Mr. Miklave noted that the name of Mr. Palumbo was misspelled in the heading and throughout and should be corrected from Polombo to Palumbo.

** **MR. HEMPSTEAD MOTIONED TO APPROVAL OF THE MINUTES
FROM DECEMBER 8, 2011 AS CORRECTED.**
** **THE MOTION PASSED UNANIMOUSLY**

CLAIMS COMMITTEE: RECEIVE THE MONTHLY CLAIMS REPORT; REVIEW
AND APPROVE CLAIMS AS REQUIRED FOR CLAIMS REPORT DATED —
January 12, 2012

Ms. Biagarelli said that there were no refunds above the \$10,000 threshold established by the Common Council and no action was required.

NARRATIVE ON TAX COLLECTIONS DATED JANUARY 12, 2012— RECEIVE
REPORT AND DISCUSS

MONTHLY TAX COLLECTOR'S REPORT DATED JANUARY 12, 2012- RECEIVE
REPORT AND DISCUSS

Ms. Biagiarelli read from her report and highlighted the following:

As of January 31, 2012, collections= 92.73% on the 2010 grand list, or approximately \$244 million. 91.47% of sewer use levy, (+\$12 million), 88% of the IPP (Industrial Pretreatment Program) fee, an additional \$2.6 million in back taxes, interest, lien fees and other fees. With work on the tax sale continuing throughout the rest of this fiscal year, we expect our back tax and interest collection numbers to continue to rise.

The next tax sale is Monday, July 16, 2012, the primary method of collection enforcement for past due real estate and sewer use charges. 216 properties represented approximately \$4.6 million in past due taxes and to date, collected approximately \$1,382,945 with 50 properties already having been brought current.

We commissioned 177 title searches to date, and have already received back 164 of them. Bidder information packet available within the next several weeks, and the criteria for inclusion in the tax sale will be finalized by the time we file our liens, anticipated criteria:

- (1.) \$25,000 or more past due; (2.) three or more years in arrears; or
- (3.) inclusion in a past sale with no payments.

Notices: first week of April, property list on city website to posted in City Hall lobby after April 1.

**** MR. HEMPSTEAD MOVED TO ACCEPT THE NARRATIVE ON TAX COLLECTIONS AND MONTHLY TAX COLLECTOR'S REPORT DATED JANUARY 31, 2012.**

**** MOTION PASSED UNANIMOUSLY.**

BUSINESS

Operating Budget and Cap Review and Discussion.

Mr. Hamilton presented the FY 2012-12 Budget Presentation and highlighted the budget process and scheduled meetings and public hearings. He noted that one week from tonight will be a special meeting to further discuss the budget, and Mr. Hilliard noted that although it is not a public hearing he will allow public comments. Mr. Kimmel asked if there is a plan to meet between February 23 and 28 to approve the budget prior to moving it on to the Council. He added that it could take a considerable amount of time to hear all the comments and then stay on to deliberate and vote on the budget.

Mr. Miklave asked that it be reflected in the minutes that he prefers to vote on the cap on the evening of February 23 as there is no time to properly notice another meeting in between those dates. He added that the members should all be prepared to stay and get the job done of deliberating and voting. Mr. Hempstead suggested that the start of the meeting be moved up to 7:00 to allow for added time for public comments.

Mr. Hamilton went on to go through the rest of the presentation and reviewed the economic environment and drivers that impact Norwalk's budget. Discussions ensued following comments on the re-evaluation process that will begin October 2013, and Mr. Hamilton stated that the tax burden could shift from commercial to residential. Mr. Hempstead asked if there was a way of measuring dollars collected versus the average value of homes and the number of houses.

Mr. Hamilton replied that there are many possible explanations for the values being down, either the average sale price is down, or the volume per transaction could be down or fewer commercial transactions. He stated that he would try to see what data is available from the Town Clerk. Mr. Hempstead clarified that he would like to see present day value of a typical home in Norwalk and to get some examples from the assessor's office. He feels that the comparison of the median sales price is low yet we have not seen the bottom.

Mr. Hamilton then reviewed the structural budget drivers and stated that the list presented are unsustainable in their present form. He stated that the key drivers are employee health insurance and pension contributions. A discussion ensued about the types of benefit plans, defined versus contributed benefit programs and Mr. Hamilton noted that on average City employees pay 9-11% of premiums compared to the private sector.

Mr. Peña asked for the average cost of retiree benefits and if there was any mechanism to quantify costs of medical benefits plus pensions. Mr. Hamilton replied that he will do some research. Mr. Hamilton fielded other questions on defined versus contribution plans and stated that going forward, there is a possibility of making changes with the future collective bargaining negotiations regarding benefit plans. He added that any change would not significantly impact the budget in the next few years, but that further down as turnover and number of benefit plans shifted, the savings would then be recognized.

Mr. Hamilton reviewed the unsustainable drivers related to the pension contributions and stated that in accordance with charter provision, the contribution is required by actuarial recommendations. Mr. Igneri asked about the actuarial rate and Mr. Hamilton replied that the actuary's recommended rate of return is 6.5% compared to former 8-8.5% with is a significant drop.

Following many questions and comments, Mr. Hilliard suggested that further debate of the benefit programs may not be resolved here, but we need to make more progress in this area. He then asked Mr. Hamilton to proceed with the rest of the budget presentation.

Mr. Hamilton reviewed the revenue assumptions and expenditure drivers and highlighted the Board 3.5% increase is a reduction of the 6.9% requested or \$5 million.

Mr. Hamilton presented the policy initiatives and budget reduction strategies and a discussion ensued on the justifications for recommending closing the Norwalk Museum and the privatization of garbage collections, and the elimination of NEON administrative support. Mr. Hamilton reviewed the specifics on how the numbers were derived.

Mr. Miklave stated that after calculating some of the budget reductions, they represent a very small percentage of the total budget and have the example that closing the Norwalk Museum represents .0023% of the total or an insignificant trickle down to the average increase to property taxes. Mr. Petrini asked what the average tax increase was and Mr. Hamilton replied that on the average house, property taxes would go up at by \$220 for the year.

Mr. Watts stated that this appears to be a very radical budget with closing the Museum, privatizing garbage and a full frontal assault on NEON. He would like to look at what other areas can be looked at.

Mr. Hamilton replied that the process is that each department provides a requested budget that is reviewed based upon charter guidelines and the finance department then balances this with what are the critical drivers. He explained that it is up to the BET to then set the cap on the budget, but keep in mind that there are many factors to consider and there are implications involved in setting the cap. Mr. Barron added that it was important to keep the perspective that the budget increase is based on the public appetite for tax increase, and the BET may be striving to approve a zero increase, which may be unattainable.

Mr. Miklave then stated that we have lived with this process for a very long time is very backwards where the requests are added up and dollars are recommended for cuts without a strategic plan of where the priorities lie. He added that there needs to be macro not micro overview and while this debate is good it we get lost in the numbers and lose the values. He would like to see value based discussions.

Mr. Hempstead stated that he agreed and that the critical element that is missing is a determination of the objectives and long term strategies to bring the City to where we want it to be. Mr. Hempstead asked if the Governor's budget can be incorporated into the assumptions, for example the ECS funding and other grants. Mr. Hamilton replied that he will check on the status of those budget outcomes and see how it can incorporate them into the budget.

Special Appropriations

- ** MR. HEMPSTEAD MOVED TO ACCEPT THE SPECIAL APPROPRIATIONS ADVERTISED ITEM OF FEBRUARY 6, 2012 FOR FISCAL YEAR 2011-12: RESOLVED, THAT A SUM NOT TO INCLUDE \$6,055 BE AND THE SAME IS HEREBY TRANSFERRED FROM INCREASED ESTIMATED REVENUES TO THE POLICE DEPARTMENT TO PAY FOR OVERTIME EXPENSES (ACCOUNT NO. 01-3010-4181)
- ** MOTION PASSED UNANIMOUSLY.

OLD BUSINESS/NEW BUSINESS

There was no further business discussed.

ADJOURNMENT

- ** MR.IGNERI MOVED TO ADJOURN.
** THE MOTION PASSED UNANIMOUSLY.

The meeting adjourned at 9:50 p.m.
Respectfully submitted,
Marilyn Knox, Telesco Secretarial Services