

**CITY OF NORWALK
FINANCE/CLAIMS COMMITTEE
REGULAR MEETING
FEBRUARY 11, 2010**

ATTENDANCE: Nicholas Kydes, Chair; David Jaeger, Kelly Straniti, Douglas Hempstead, Andrew Conroy, Nora King (6:25 p.m.)

STAFF: Thomas Hamilton, Director of Finance; Fred Gilden, Comptroller; Lisa Biagiarelli, Tax Collector; Fred Wilms, BET Chair

CALL TO ORDER

Mr. Kydes called the meeting to order at 6:09 p.m.

**NARRATIVE ON TAX COLLECTION DATED FEBRUARY 11TH, 2010 –
RECEIVE REPORT**

**MONTHLY TAX COLLECTOR’S REPORT DATED JANUARY 31, 2010 –
RECEIVE REPORT AND DISCUSS.**

It was pointed out that these two agenda items did not need any action by the Committee members and any questions could be asked at the next meeting after everyone had the opportunity to read the reports. This was agreeable to all.

**CLAIMS COMMITTEE: RECEIVE THE MONTHLY CLAIMS REPORT;
REVIEW AND APPROVE CLAIMS AS REQUIRED FOR CLAIMS REPORT
DATED: FEBRUARY 11, 2010**

**** MS. STRANITI MOVED TO APPROVE THE CLAIMS AS REQUIRED FOR
CLAIMS REPORT DATED: FEBRUARY 11, 2010**

Ms. Biagiarelli reviewed the two refunds. Mr. Conroy asked about the overpayment. Ms. Biagiarelli said that one resident had been an overpayment and later a court case adjusted the tax assessment. The second case involved the refinancing of a mortgage and the refund was a result of the overpayment of taxes from the escrow account.

**** THE MOTION TO APPROVE THE CLAIMS AS REQUIRED FOR THE
CLAIMS REPORT PASSED UNANIMOUSLY.**

**APPROVE THE MINUTES OF THE FOLLOWING FINANCE COMMITTEE
MEETINGS: JANUARY 14, 2010**

**** MR. CONROY MOVED TO APPROVE THE MINUTES OF THE FOLLOWING FINANCE COMMITTEE MEETINGS: JANUARY 14, 2010**

**** THE MOTION TO APPROVE THE MINUTES OF THE FOLLOWING FINANCE COMMITTEE MEETINGS: JANUARY 14, 2010 AS SUBMITTED PASSED WITH FOUR IN FAVOR (JAEGER, HEMPSTEAD, KYDES AND CONROY) AND ONE ABSTENTION (STRANITI).**

A. AUTHORIZE THE PURCHASING AGENT TO ISSUE A PURCHASE ORDER TO VERINT SYSTEMS, INC. FOR PURCHASE OF A VERINT AUDIOLOG 3000 SERIES MAXPRO/QUAD CORE DIGITAL VOICE RECORDER SYSTEM FOR COMBINED DISPATCH PRICING AND TERMS AND CONDITIONS PURSUANT TO GSA CONTRACT #GS-33F-0066IT, FOR AN AMOUNT NOT TO EXCEED \$43,076.88, ACCOUNT 09100600-5777-C0375. BUDGET IT CAPITAL EXPENSE; NO SPECIAL APPROPRIATION REQUIRED.

B. AUTHORIZE THE PURCHASING AGENT TO ISSUE A PURCHASE ORDER TO BUSINESS ELECTRONICS, INC., FOR INSTALLATION AND TRAINING SERVICES FOR THE VERINT AUDIOLOG 3000 SERIES MAXPRO/QUAD CORE DIGITAL VOICE RECORDER SYSTEM FOR COMBINED DISPATCH, INCLUDING 2 YEARS WARRANTY, PER BUSINESS ELECTRONICS QUOTE DATED 1/15/2010, FOR AN AMOUNT NOT TO EXCEED \$10,000, ACCOUNT 09100600-5777-C0375. BUDGET IT CAPITAL EXPENSE; NO SPECIAL APPROPRIATION REQUIRED.

**** MS. STRANITI MOVED BOTH ITEM A AND B.**

Ms. DelVecchio said that this was a replacement audio system for the combined dispatch. Lt. Gale explained that a voice recorder was a State mandate and the recordings provides evidence for both criminal and civil court cases. Ms. DelVecchio said that the current system is five years old, and is showing signs of failing. When the system stops recording, often no one knows until the tape is needed. She then reviewed the details of the contract and the training and implementation details. The project came in slightly under budget with an extended warranty.

**** THE MOTION TO APPROVE AGENDA ITEMS A & B PASSED UNANIMOUSLY.**

AUTHORIZE THE MAYOR, RICHARD A. MOCCIA, TO SIGN A LEASE AGREEMENT WITH THE THIRD TAXING DISTRICT FOR THE BUILDING OCCUPIED BY THE NORWALK FIRE DEPARTMENT AT 56 VAN ZANT STREET. TERM IS FOR FIVE YEARS BEGINNING JULY 1, 2008 AND CONTINUING THROUGH JUNE 30, 2013, WITH AUTOMATIC EXTENSIONS

OF UP TO NINE ADDITIONAL FIVE YEAR TERMS, UNLESS TERMINATED BY EITHER PARTY OR A BREACH OCCURS. RENT IS \$38,000 PER YEAR WITH ANNUAL INCREASE EQUAL TO THE GREATER OF 3% OR THE CURRENT CONSUMER PRICE INDEX.

**** MR. HEMPSTEAD MOVED THE ITEM.**

This is a request to authorize the Mayor to sign a lease with the 3rd Taxing District for the Van Zant Fire Station. Mr. Hamilton explained that the most recent lease was signed in 1970 and expired in 1975. The leasing agreement continued at the rate of \$6,600/year. There have been extensive discussion by the Third Taxing District and the City about all the terms in the contract.

Mr. Hamilton pointed out that there was an error on in the letter from Atty. Beltz-Jacobs. Item number 3 reads "3. Rent is \$38,000.00 per year with annual increase equal to the greater of 3% or the current Consumer Price index." This should read "3. Rent is \$38,000.00 per year for the first five years and then with annual increase equal to the greater of 3% or the current Consumer Price index".

**** MR. HEMPSTEAD MOVED TO AMEND THE THIRD ITEM LISTED IN THE LETTER FROM ATTORNEY DIANE BELTZ JACOBSEN TO MR. HAMILTON DATED JANUARY 29, 2010 FROM:**

"3. RENT IS \$38,000.00 PER YEAR WITH ANNUAL INCREASE EQUAL TO THE GREATER OF 3% OR THE CURRENT CONSUMER PRICE INDEX."

TO:

"3. RENT IS \$38,000.00 PER YEAR FOR THE FIRST FIVE YEARS AND THEN WITH ANNUAL INCREASE EQUAL TO THE GREATER OF 3% OR THE CURRENT CONSUMER PRICE INDEX."

Assistant Deputy Chief Reilly then reviewed the recent capital upgrades. He explained that the District is still responsible for the Capital Improvements to the buildings. There is one four man pumper and the station is similar to Meadow Street. The building is over 100 years old. There is an addition on the back, but there is no real room for other equipment.

When asked why the start date was 2008, Mr. Hamilton explained that the original proposal was to set the date of 2003, but the time that it took for the lease details to be worked out required that the date be moved up to 2008. Discussion about the station followed.

Ms. King joined the meeting at 6:25 p.m. Mr. Conroy left the room at 6:37 p.m.

**** THE MOTION TO APPROVE THE ITEM AS AMENDED PASSED WITH THREE IN FAVOR (KYDES, HEMPSTEAD, AND STRANITI) AND ONE ABSTENTION (KING).**

Discussion of the Operating Capt for Fiscal Year 2010-11

Mr. Kydes said that he had requested a presentation at the last meeting and that he hoped everyone was on the same page in terms of keeping the taxes down. He also pointed out that Mr. Hamilton has gone through the budget and made recommendations. He said that the hand out was the budget guide for the budget appropriations cap.

Mr. Conroy rejoined the meeting at 6:40 p.m.

Mr. Hamilton then reviewed the figures that he was recommending with the Committee. This was approximately 1% increase over last year's approved budget cap. Federal grants and intergovernmental grants have decreased from about 17% to around 14%. Mr. Hamilton said that this was a very modest increase.

Mr. Hamilton then directed everyone's attention to page 4, with the key revenue drivers. The revenues are down and there is no current growth in the grand list. State aid has been reduced. It was 16 million, and last year it was reduced to 15.9 million and next year it will be 14 million. Mr. Hempstead asked what portion was being cut. Mr. Hamilton said that some of the reductions were educational cost sharing area. The State cut the amount that was normally given to the City and will now sending the funds directly to the School District. These funds are known as the CES funds. This accounts for a major piece of the shortfall. There is also a shortfall on the Pequot revenue from the casinos. Mr. Jaeger pointed out that if a casino was built in this area, the funding from the casinos would disappear.

Mr. Hamilton then explained that there appeared to be a reduction in funds going to the School District, but in fact, the State funds will be going directly to the District. Ms. King had several questions about amount of State aid, which Mr. Hamilton reviewed with her. Discussion followed about the amount of State aid that Norwalk receives.

Ms. Straniti asked if Mr. Hamilton was recommending that the City not use the Fund Balance for budget operations. Mr. Hamilton said that this was so. The Board of Estimate has set up a policy to keep the amount of the fund balance between 5 and 10%. The bond rating agencies look closely at the fund balances and currently the City is at approximately 8.5%. Ms. King asked what the fund balances were for Stamford, Hartford, New London and other major cities. Mr. Hamilton said that he did not know

what those percentages were off hand, but also pointed out that he meets with the rating agencies on a regular basis and drawing down the fund balance would incur risk for the City.

Mr. Kydes asked when the next meeting with the rating agencies was scheduled. Mr. Hamilton said that he had just met with one agency and that there would be another major meeting in late May. Ms. King said that she was concerned about raising the taxes again, particularly after last year, when her district was particularly hard hit. Mr. Hamilton explained that during the more financially positive years, the City had set aside extra funds in the Fund balance against a financial downturn. The last two years have resulted in drawing down the fund balance. Now, Mr. Hamilton recommended not drawing any more on the fund balance.

The discussion then moved to the amount of money in Public Works for salt. He reviewed the details of the recommended budget vs. the actual budget. The recommended budget was higher because Mr. Hamilton knew that there would be an overrun in the salt account. Mr. Kydes then asked about the heating fuel and diesel fuel. Mr. Hamilton then reviewed the details of the City's contract.

Mr. Kydes left the meeting at 6:50 p.m. Mr. Hempstead took over the dues of Chairman.

Ms. Straniti asked whether the City was working on competitive bidding for suppliers like electricity and other commodities. There have been savings for the City.

Mr. Hempstead then asked if there was a plan in case the revenues fall further. Mr. Wilms explained that the Finance Department's experience with the predictions of what the budget would be have been very accurate. He said that Mayor had taken out 1.9 million last year and that further cuts could result in reducing services. Mr. Wilms then reviewed the various areas where he felt that there could be savings by privatizing or reducing services. He pointed out that the Board of Education had been working on this and there were savings in the District as a result. Mr. Wilms went on to explain some of the details around the triple A debt rating.

Ms. King asked what the strategies were for the stimulus funding. Mr. Hamilton said that the Federal Government had given the stimulus funding directly to the State. The State distributes the funds as it sees fit. Mr. Hamilton then listed a number of stimulus grants that the City had received for the police department and paving and other projects. He explained that the stimulus funding can not be used for operating expenses. The City has tried to use the funding it has received as strategically as possible, but it can not be used for operating costs. Ms. King then asked if Mr. Hamilton had gone to each department head asking whether they could find applications for stimulus money. Mr. Hempstead said that the City had applied for a number of projects, such as replacement fire station

and other major projects, but the request was denied. Mr. Wilms said that the stimulus funding was so strictly written that it had a narrow focus.

Mr. Jaeger asked what the Finance Committee should be doing in terms of moving the City ahead. Mr. Wilms said that the best move would be growing the grand list. He added that the last three mayors have been working to move 95/7 project, the POKO project and the Head of the Harbor project. Mr. Hamilton said that he agreed with Mr. Wilms and that 90% of the revenue comes from the grand list.

Ms. King said that she had done a great deal of research on the grand list, and that this was not a good strategy. Mr. Hempstead said that the State dictates the tax model and the only other source of increase would be fees. Mr. Hamilton said that the next reevaluation would be in 2013. Hopefully by 2013, the commercial sector will be revitalized. Ms. King disagreed, and felt that she felt that the City controlled the issues. She said that the conveyance taxes for Rowayton were collected, but the taxes were not being funneled back into the schools. Now the schools are overcrowded. She then asked what the strategy for the people who will be living in the new developments. Mr. Hempstead reminded everyone that in 2005, the Mayor had started a 200 million dollar project for renovating the schools. Now the debt service is being paid off. Ms. King asked about a tax abatement for one of the developments. Mr. Wilms, Mr. Hamilton and Mr. Hempstead then reviewed the details of the enterprise zones, special taxing districts and the State reimbursements for the various developments. Mr. Conroy pointed out that the idea was to have both large and small businesses in the enterprise zone program to prevent a municipality from having only one or two large corporations supplying the commercial base.

Mr. Conroy then asked about the items that were 10 million dollars or more on the projected recommended budget. Mr. Hamilton said that if the Council sets a different cap, it would dictate which items would be cut. Mr. Conroy said that he wanted to know if the various departments could operate within the budget. The discussion then moved to how much money Norwalk was allocated from State funds. Mr. Wilms reminded everyone that once a budget was set, then any department would have to ask for a special appropriation. Discussion then followed.

Mr. Conroy then asked about the health benefits. Mr. Hamilton said that the City was self insured and that it flows through the internal fund in the City. Currently, there are no remaining surplus net assets in the account. However, the remaining assets cover the liabilities. Mr. Conroy said that this answered his questions.

Mr. Wilms then returned to the Board of Education budget and said that the BET had recommended a 0% increase in their budget, which was unprecedented for them. He then reviewed a number of steps that had been taken to adjust this, including the union

contract negotiations, a joint study group for reducing costs and combining services and other steps.

Mr. Hempstead said that he remembered Mr. Hamilton saying that the City could not go below a 0% increase and asked for clarification on this. Mr. Hamilton said that there had been a State law passed that did not allow the municipalities to reduce the taxes by using CES funding. Mr. Hamilton then reviewed the details of this with the Commission.

Ms. Straniti asked about the increase in organizational memberships. Mr. Hamilton explained that this was citywide training and the previous amounts had been taken from the various departments and combined together. This is have more centralized control on conferences, training and other events. This account also includes the citywide CCM membership. Discussion followed.

Mr. Hempstead asked if new positions were being added. Mr. Hamilton explained that there had been five positions that were in the budget, but these were eliminated during the negotiations. When the union negotiations were concluded, the five positions were restored as agreed upon with the unions. Mr. Hempstead asked about the increases for the library. Mr. Hamilton reviewed the contractual agreements and how it will affect the overall budget.

Mr. Hempstead then asked about the actuary recommendations, which Mr. Hamilton then reviewed with him and how the smoothing of the losses from 2008 were being handled. Pension losses from 2008 will continue to be an issue for a number of years to come. Mr. Hamilton then reviewed some of the details for the police and fire pensions.

Ms. Straniti asked why the Mayor's budget was increased. Mr. Hamilton said that this includes the transfer of the funds for the Early Childhood Education position from the Youth Services Department. Mr. Hamilton said that all along, the Early Childhood Council was intended to be a collaboration between the chief administrator of the City and the chief administrator of the School District. Last year, there were changes in the staffing and these changes resulted the shift of the position. The School Readiness program was designed to a collaborative effort between the City and the District. Ms. King said that it was bizarre that the Early Childhood employee would be reporting to the Mayor. Mr. Hamilton explained that Youth Services' primary function was towards older children. Mr. Hamilton said that this move was part of last year's shift when the Youth Services Director was reduced to a part time position and redistributing the responsibilities. Discussion followed.

Mr. Conroy asked if it really was possible to have a 0% increase in the investments. Mr. Gildea said that he believe it would. There were some investments that were locked into 3%-4% but that the revenues should remain flat. Mr. Wilms said that he has been tracking revenues and that for the last few months they have remained flat. He believes

that the interest rates have bottomed out. Mr. Hamilton reminded everyone that the Council's job was to set the expenditure cap and the BET would handle the budgets. He said that the Finance department and the BET review the revenues and expenses frequently. Mr. Hempstead reminded everyone that Norwalk is not in the financial hole that other cities are currently in.

The discussion then moved to the Registrars of Voters budget. Mr. Hempstead asked about the Council budget and having funds for training. Mr. Wilms invited Mr. Hempstead to make a presentation to the BET on this.

Discussion then followed on the functions of various taxing districts.

**** MR. CONROY MOVED TO FORWARD A BUDGET CAP AT \$266,700,472.00, A 1% INCREASE IN THE CAP, TO THE COMMON COUNCIL.**

Ms. Straniti asked about the areas that were cut. Mr. Hamilton reviewed the cuts that were made last year in City staffing. This year, the strategy was to work with the unions. The discussion then moved to the potential 3.7% tax increase.

**** THE MOTION TO FORWARD A BUDGET CAP AT \$266,700,472.00, A 1% INCREASE IN THE CAP, TO THE COMMON COUNCIL PASSED WITH FOUR IN FAVOR (JAEGER, HEMPSTEAD, STRANITI AND CONROY) AND ONE OPPOSED (KING).**

Mr. Hempstead said that he would like some decision from the Law Office regarding Governor's decision and what the impact of that decision would be.

ADJOURNMENT

**** MS. STRANITI MOVED TO ADJOURN.**

**** THE MOTION PASSED UNANIMOUSLY.**

The meeting adjourned at 8:30 p.m.

Respectfully submitted,

Sharon L. Soltes
Telesco Secretarial Services