

**CITY OF NORWALK
FINANCE/CLAIMS COMMITTEE
SPECIAL MEETING
FEBRUARY 18, 2009**

ATTENDANCE: Carvin Hilliard, Chair; Michael Geake, Anna Duleep, Richard Bonenfant, Amanda Brown, Douglas Hempstead (6:29 p.m.)

STAFF: Thomas Hamilton, Director of Finance; Fred Gilden, Comptroller,

OTHER: Council Member Laurel Lindstrom; Fred Wilms, BET Chair

CALL TO ORDER

Mr. Hilliard called the meeting to order at 6:12 p.m.

Discussion on Operating Budget and Operating Cap for Fiscal Year 2009-2010 and to take any action needed.

**** MS. BROWN MOVED THE FOLLOWING RESOLUTION:**

WHEREAS, SECTION I-289 OF THE NORWALK CHARTER REQUIRES THAT A MAJORITY OF THE COMMON COUNCIL VOTE TO ESTABLISH A SPECIFIC SPENDING LIMITATION ON LOCALLY FUNDED EXPENDITURES DURING THE PROCESS OF ESTABLISHING THE NEXT FISCAL YEAR'S OPERATING BUDGET.

NOW, THEREFORE, BE IT RESOLVED BY THE COMMON COUNCIL OF THE CITY OF NORWALK THAT:

THE MAXIMUM LIMIT ON TOTAL APPROPRIATIONS FOR THE CITY OF NORWALK FOR FISCAL YEAR BEGINNING JULY 1, 2010 SHALL BE NO MORE THAN \$279,590,249. THIS APPROPRIATION CAP REPRESENTS TOTAL EXPENDITURE OF \$262,548,231 LESS ESTIMATED INTERGOVERNMENTAL GRANTS OF \$17,042,018.

BE IT FURTHER RESOLVED THAT THE RESULTS OF THIS VOTE AND RESOLUTION, TOGETHER WITH THE ATTACHED 2010-11 BUDGET GUIDE, BE FORWARDED BY THE CLERK OF THE CITY OF NORWALK TO THE BOARD OF ESTIMATE AND TAXATION.

Mr. Hamilton said that the Finance Committee had received the information and presentation at the last meeting. Mr. Hamilton said that the figures were workable and

that the State grant funding might be less than what was expected. He cautioned the Committee that lowering the cap might cause further cuts.

Mr. Bonenfant asked if this was a preliminary cap. Mr. Hamilton agreed that this was do and reminded everyone that the budget that the Board of Estimate would set the final cap. The Council does not have to vote on a budget that is less than what the preliminary cap limit is. Mr. Hamilton said that it was the budget minus the state aid and that he felt he had the potential shortfall covered with the saving from the bond refunding.

Ms. Duleep asked if Mr. Hamilton had heard from the bond rating yet. Mr. Hamilton said that he had not, but that he had called them earlier in the day regarding this.

Mr. Geake had several questions about potential scenarios that could occur if the economy continued the downward trend. Mr. Hamilton then reviewed the process of changing the cap and when the final budget figures would need to be ratified. This includes the BET making an assumption about the level of State aid.

Mr. Hempstead joined the meeting at 6:29 p.m.

Mr. Hilliard asked what would happen if the City suggested that the Board of Education receive a 3% increase rather than the recommended 2% increase. Mr. Hamilton calculated the amount, which would add more than 1.4 million to the BOE Budget.

Mr. Hempstead asked several questions about the effect of the Federal stimulus money in regards to the Board of Education budget. Discussion then followed about how the money will be disbursed and when that might happen.

Ms. Brown asked how much the increase would be if the BOE was given a 3% increase rather than the 2% increase. Mr. Hamilton said that the tax increase percentage would be 4.58% rather than the proposed 3.95%.

Mr. Hempstead commented that the three budget drivers were debt service, BOE and the benefits. Mr. Hamilton explained that the City would be shaving the peak off the debt service over the next four years with the refinancing of the bonds.

Mr. Hilliard said that unlike Bridgeport, the Norwalk unions had not been in for renegotiation and that the City was still in the business of education Norwalk's children. Mr. Hempstead said that the City's revenue stream were the real estate transactions, which has dried up; new car sales, which have dropped dramatically and property taxes. Many of the residents have not received salary increases this year, and others have lost their jobs.

Ms. Brown said that she agreed with Mr. Hempstead about the revenue streams, but she also did not want to cripple the Board of Education by limiting the increase too drastically. She then asked what the impact of a 2.5% increase for the Board of Education. Mr. Hamilton said that this would increase the Board of Education budget by 3.705 million and increase the tax levy from the recommended 3.95% to 4.26%.

Mr. Hempstead said that he has several concerns about the tax shift from the residential taxes to the commercial taxes might not materialize as businesses fail and close. Mr. Hilliard reminded everyone that the Superintendent of School had asked for a 3.57% increase in the budget.

RECESS

Mr. Hilliard announced a recess at 7:10 p.m. The meeting reconvened at 7:20 p.m.

Discussion on Operating Budget and Operating Cap for Fiscal Year 2009-2010 and to take any action needed. CONT'D

Ms. Duleep asked for some clarification on the Youth Services Department cuts. Mr. Hamilton reviewed this and said that the City was proposing a part time director at this time.

Ms. Lindstrom asked about the current Fourth Taxing District tax decrease was. Mr. Hamilton said that under his proposal there would be a decrease of \$25.00 for the median, single-family residence in the Fourth District.

Ms. Lindstrom then asked about shortfalls and the contingency funds. Mr. Hamilton reviewed the items that could dramatically increase the budget such as snow removal or the Police Department needing additional funding due to a serious crime. He added that the area that had most of the savings was in staffing. By defunding the staffing positions, there are real savings for the City. Another area that has not been firmly determined is the severance payments. Ms. Brown asked what the severance payments were expected to be. Mr. Hamilton said that it would depend on which staff members elected to take early retirement and their payments would be calculated at that time. Mr. Bonenfant asked if the unions had agreed to this. Mr. Hamilton said that the unions had agreed to this and it was now in Personnel Committee for consideration.

Mr. Hempstead asked if there was a revenue shortfall for 2009-2010, if the City's only options would be cutting more deeply into City budget or spend down more from the fund balance. Mr. Hamilton said that the City could also charge user fees. He said that the City expected Fiscal year 2010-2011 to be equally as difficult in terms of economics.

**** MR. GEAKE MOVED TO SUGGEST THE BOARD OF ESTIMATE AND TAXATION INCREASE THE BOARD OF EDUCATION BUDGET CAP TO 2.75% BY AMENDING THE RESOLUTION FROM:**

WHEREAS, SECTION I-289 OF THE NORWALK CHARTER REQUIRES THAT A MAJORITY OF THE COMMON COUNCIL VOTE TO ESTABLISH A SPECIFIC SPENDING LIMITATION ON LOCALLY FUNDED EXPENDITURES DURING THE PROCESS OF ESTABLISHING THE NEXT FISCAL YEAR'S OPERATING BUDGET.

NOW, THEREFORE, BE IT RESOLVED BY THE COMMON COUNCIL OF THE CITY OF NORWALK THAT:

THE MAXIMUM LIMIT ON TOTAL APPROPRIATIONS FOR THE CITY OF NORWALK FOR FISCAL YEAR BEGINNING JULY 1, 2010 SHALL BE NO MORE THAN \$280,701,891. THIS APPROPRIATION CAP REPRESENTS TOTAL EXPENDITURE OF \$263,659,873 LESS ESTIMATED INTERGOVERNMENTAL GRANTS OF \$17,042,018.

BE IT FURTHER RESOLVED THAT THE RESULTS OF THIS VOTE AND RESOLUTION, TOGETHER WITH THE ATTACHED 2010-11 BUDGET GUIDE, BE FORWARDED BY THE CLERK OF THE CITY OF NORWALK TO THE BOARD OF ESTIMATE AND TAXATION.

Mr. Geake explained that he wanted the City and the BOE to have some wiggle room if the bond savings were not realized. Mr. Hamilton reviewed how this would change the tax levy for the 4th District single-family homeowner by increasing his proposed property taxes from a 2% increase or a property tax of \$5,668.00 to 2.5% or \$5,686.00.

**** MR. HEMPSTEAD MOVED TO INCREASE THE CITY SIDE OF THE BUDGET BY 2.75% TO INCREASE THE UNIFORM SERVICES AND RESTORE LIBRARY SERVICES.**

A brief discussion about how this would affect the budget followed. Mr. Hamilton explained that this would increase the tax levy to 5.28% for property owners.

**** THE MOTION TO INCREASE THE CITY SIDE OF THE BUDGET BY 2.75% TO INCREASE THE UNIFORM SERVICES AND RESTORE LIBRARY SERVICES FAILED TO PASS WITH TWO IN FAVOR (HEMPSTEAD AND GEAKE) AND FOUR AGAINST (DULEEP, BONENFANT, BROWN AND HILLIARD).**

**** THE MOTION TO APPROVE THE FOLLOWING AMENDED RESOLUTION:**

WHEREAS, SECTION I-289 OF THE NORWALK CHARTER REQUIRES THAT A MAJORITY OF THE COMMON COUNCIL VOTE TO ESTABLISH A SPECIFIC SPENDING LIMITATION ON LOCALLY FUNDED EXPENDITURES DURING THE PROCESS OF ESTABLISHING THE NEXT FISCAL YEAR'S OPERATING BUDGET.

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BE IT FURTHER RESOLVED THAT THE RESULTS OF THIS VOTE AND RESOLUTION, TOGETHER WITH THE ATTACHED 2010-11 BUDGET GUIDE, BE FORWARDED BY THE CLERK OF THE CITY OF NORWALK TO THE BOARD OF ESTIMATE AND TAXATION.

PASSED WITH FOUR IN FAVOR (HILLIARD, BROWN, DULEEP AND GEAKE) AND TWO AGAINST (BONENFANT AND HEMPSTEAD).

Approve Resolution with respect to the authorization, issuance and sale of City of Norwalk General Obligation Refunding Bonds not exceeding \$85,000,000 including the authorization of \$60,000,000 approved by the City of Norwalk Common Council on January 13, 2009.

**** MR. HEMPSTEAD MOVED THE FOLLOWING:**

WHEREAS, THE COMMON COUNCIL HAS HERETOFORE ADOPTED A RESOLUTION ENTITLED "RESOLUTION WITH RESPECT TO THE AUTHORIZATION, ISSUANCE AND SALE OF NOT EXCEEDING \$60,000,000 CITY OF NORWALK GENERAL OBLIGATION REFUNDING BONDS" (THE PRIOR RESOLUTION"); AND

WHEREAS, THE CITY DESIRES TO AMEND THE PRIOR RESOLUTION BY INCREASING THE AMOUNT OF THE REFUNDING BONDS AUTHORIZING TO BE ISSUED PURSUANT TO THE PRIOR RESOLUTION TO \$85,000,000;

RESOLVED:

SECTION 1. THE TITLE AND SECTION 1 OF THE PRIOR RESOLUTION ARE HEREBY AMENDED TO INCREASE THE AMOUNT OF REFUNDING BONDS AUTHORIZED TO BE ISSUED BY \$25,000,000 FROM \$60,000,000 TO \$85,000,000.

SECTION 2. EXCEPT AS SPECIFICALLY AMENDED HEREBY, THE PRIOR RESOLUTION IS IN ALL RESPECTS RATIFIED AND CONFIRMED. CAPITALIZED TERM USED HEREIN AND NOT OTHERWISE DEFINED SHALL HAVE THE MEANING ASSIGNED TO SUCH TERMS IN THE PRIOR RESOLUTION.

SECTION 3. THIS RESOLUTION SHALL BE EFFECTIVE UNTIL DECEMBER 31, 2009.

Mr. Hamilton reviewed the proposal and explained that there was an opportunity to increase the refinancing cap amount from \$60,000,000 to 85,000,000 because the market is very favorable right now and the City would have additional savings. There is the possibility of 10 day window is attached to this resolution. Mr. Hamilton explained that while he was prepared to refinance the \$60,000,000 as cited in the original resolution, this would allow the Finance Department to have the flexibility if the market takes a downturn or the situation becomes extremely favorable and refinancing the additional \$25,000,000 would be beneficial to the City.

**** THE MOTION TO APPROVE THE RESOLUTION AS PRESENTED PASSED UNANIMOUSLY.**

ADJOURNMENT

**** MS. BROWN MOVED TO ADJOURN.**

**** THE MOTION PASSED UNANIMOUSLY.**

The meeting adjourned at 8:00 P.M.

Respectfully submitted,

Sharon L. Soltes
Telesco Secretarial Services