

**CITY OF NORWALK  
FINANCE /CLAIMS COMMITTEE  
MARCH 12, 2009**

ATTENDANCE: Carvin Hilliard, Chair; Richard Bonenfant; Amanda Brown;  
Anna Duleep; Michael Geake; Douglas Hempstead

STAFF: Thomas Hamilton, Finance Director; Lisa Biagiarelli, Tax  
Collector; Fred Gilden, Comptroller

OTHERS: Hal Alvord, Director, DPW; Lisa Burns, Operations Manager,  
DPW; John Mastracci, WPCA

Mr. Hilliard called the meeting to order at 7:32 p.m.

**CLAIMS COMMITTEE: RECEIVE THE MONTHLY CLAIMS REPORT;  
REVIEW AND APPROVE AS REQUIRED FOR CLAIMS REPORT DATED:  
MARCH 12, 2009**

Ms. Biagiarelli reported that they are asking for a special request in the amount of \$267,000. The City Tax Assessor explained that the property at 535 Connecticut Avenue was sold in 2002 for \$28 million. The tenant was part of the dot com industry and represented 60% of the occupancy. They left the building in 2003 when the dot come industry went down. When the building went down to 70% vacancy, the owners filed an appeal and acquired an appraisal for the building of \$17 million.

The Tax Assessor said that the City felt a reasonable value for the building was between \$26 – 27 million; however, the property owner did not agree. In 2006 a group of investors bought the building for \$25.6 million and the City settled at \$25 million. Ms. Biagiarelli said that the owners paid all along based on the higher assessment and this was a timing issue. If the owners had settled earlier they would have been able to get a credit.

Ms. Biagiarelli said that they were looking for approval to issue the abatement. Mr. Hamilton added that the exposure of taking this item to trial was significant.

**\*\* MR. HEMPSTEAD MOVED TO APPROVE THE SPECIAL REQUEST  
FOR THE ENTIRE REPORT  
\*\* MOTION PASSED UNANIMOUSLY**

**\*\* MS. BROWN MOVED TO RECEIVE THE FOLLOWING ITEMS**

**NARRATIVE ON TAX COLLECTIONS DATED MARCH 12, 2009 – RECEIVE REPORT AND DISCUSS**

**MONTHLY TAX COLLECTOR'S REPORT DATED JANUARY 31, 2009 AND FEBRUARY 28, 2009 – RECEIVE REPORT AND DISCUSS**

Ms. Biagiarelli explained that between this February and last February they are down .32% for current taxes and up 1.62% for sewer taxes.

Ms. Biagiarelli explained that they are currently doing delinquency enforcement. Delinquency letters went out this week. In addition they are working on wage garnishment with the Board of Education and the City. She said that they have done a few seizures.

Ms. Biagiarelli said that the Finance Department is going to work with the Parks and Rec department to issue Beach stickers. If a resident comes in to get a beach sticker the Parks and Rec department will check to see if they owe motor vehicle taxes. In exchange the Finance Department has agreed to issue stickers one day a week.

Ms. Biagiarelli said that there are a significant number of outstanding taxes due for motor vehicles and they have been turned over to a collection agency. She said that she will provide an exact figure that is owed. Mr. Hamilton said that collections are down \$.3%. The end of the February cycle is a good snapshot for the year. Ms. Biagiarelli added that a good barometer will be when she files the liens this year. She said that she suspects there will be more than last year, but will do all they can to get the money in. Mr. Hilliard said that he was confident that she would do all she could.

**\*\* MOTION PASSED UNANIMOUSLY**

**PRESENTATION ON WPCA CONSUMPTION-BASED BILLING**

Mr. Hilliard said that he read the back up and there is a lot of information. Ms. Burns said that a draft of the consumption based report is in the package. They are looking for input from the Committee. Ms. Brown asked if the consumption based billing is the preferred method. Mr. Hamilton said that is the reason the report was undertaken.

Mr. Mastracci presented a summary of the report. He said that the existing sewer rate structure complies with applicable laws. Mr. Hilliard said that he was concerned with the fairness of this structure; people living in smaller homes are paying the same amount as people living in larger homes. He said that the residential rate is \$225.00 per year.

Mr. Alvord said that with the current system they do not need rate stabilization. Mr. Mastracci said that only a small portion is consumption based. The flat rate structure is very common in Connecticut and the northeast.

Mr. Mastracci said that they invited the law firm of Pepe & Hazzard to look at the tax implications and they determined that the State codes do not allow a tax deduction for sewer use. It is a fee for service which is not tax deductible. He added that instituting an *ad valorem* system could jeopardize funding.

Mr. Mastracci said that they looked at a number of consumption based billing alternatives. Ms. Burns noted that the 2005 data they received from the First Water Department was stripped down. Mr. Mastracci described the consumption based billing alternatives.

Mr. Hempstead asked about commercial vs. residential use. Ms. Burns said that most commercial rates are stabilized because they are coming in below the consumption basis. She said that going forward commercial bills will go down. Mr. Hempstead asked how much of the total amount of fees was collected from residential users. Mr. Mastracci said that it was about 60%.

Mr. Hilliard said that Stamford is doing consumption based billing and said that he would like to understand how they run their system. Mr. Mastracci explained that if we have wet summer and people are being charged based on consumption that will generate less revenue. Another factor is related to the cost. He said that the City would need two people dedicated to billing for consumption based billing. Mr. Alvord noted that Stamford is seeking supplement from the City and in addition their rates have gone up significantly. He said that he believed that the average customer pays over \$300.00. Ms. Burns offered to provide a list of rates for an actual comparison. She said that she likes consumption based billing, but there are challenges.

Mr. Hilliard said that he does not see the fairness in someone with a 2 – 3 bedroom house paying the same as a person with a mansion in Rowayton. He said that it may be legal because no one has challenged it.

Ms. Brown said that based on the fact that Stamford's system is not working, could Norwalk learn from them. Mr. Alvord said the City could learn from them and from others, but there is the cost and the people to run it. He added that acquiring the water consumption data is very difficult.

Mr. Alvord said that he met with Mr. Hiscock on this subject and he understands what is trying to be accomplished, but he said that he was not interested in doing sewer billing. Mr. Alvord said that he met with the last three general managers who said that they would give commercial data, but could not legally give residential data.

Ms. Burns said that she looked at ways to get the data, but there is no way to get the data from the First Taxing District. Mr. Hilliard said that the City has not approached them that they want data for consumption based billing. Mr. Alvord said that is what they have been asking for. Mr. Hilliard said that he has been on this Committee for a number of years and this is the first time he is hearing this. Mr. Mastracci said that he met with them and asked and they refused. Ms. Brown asked if that information is in their reports. Mr. Alvord said that their billing system is obsolete and they are trying to find a new system.

Ms. Mastracci said that long term, if the City wants to go with consumption based billing, it may be feasible, but there is no way to do it short term. Mr. Hilliard said that it is socialism for each house to pay the same; it is unfair. Mr. Mastracci said that some communities have a fixture count and they are charged based on that. That involves collecting more information and it is a challenge because they have to physically go to each home to count the fixtures.

Mr. Mastracci said that on a short term basis, they have to determine how to get the data. Consumption based billing will cost \$250 – 400,000 per year. There are challenges with contract billing services as both taxing districts are not interested in providing billing and collection services.

Mr. Bonenfant asked about watering lawns. Mr. Mastracci said that they could bill based on wintertime consumption. Mr. Hilliard said that people should pay for what they use.

Mr. Bonenfant said that they are talking about what it cost to run the sewage treatment plant. Everyone hooked up to it is a user, but there are also a lot of indirect users, such as people who like to fish or go boating. He suggested that everyone should share some of that burden because clean water increases property values.

Mr. Hilliard said that in South Norwalk people pay SNEW for their water bill and they also pay \$225.00 sewer bill. Ms. Burns said that water and sewer are two different bills. Mr. Hamilton said that the \$225.00 bill is just for sewers. Mr. Bonenfant said that everyone gets the benefits of clean water and should share the burden. Mr. Alvord said that people on septic are charged a fee to pump out their tanks.

Mr. Hempstead asked what the charge was. Ms. Burns said that it was called out separately. Mr. Hempstead said that according to the study, they were doing it illegally; it has to be clearly identified on the bill. Mr. Burns said that she would confirm with their law firm Pepe & Hazard. Mr. Hempstead said that he was grateful for the study, but the Common Council has to have a separate discussion on this.

Mr. Hempstead requested that the WPCA start looking a going toward a consumption fee; he added that he and Mr. Hilliard are on the same wavelength.

Ms. Burns suggested that their attorney meet with the First District and go through the legal ways they can provide the data. Ms. Brown said that consumption based billing would incur more costs and additional work. The way that the flow is, this is not equitable. Mr. Hilliard told Ms. Brown that nothing has been proven on what she is saying. Mr. Hamilton said that the study tells you that the majority of residential customers will pay more under the consumption based system. He said that 70% of the residents would pay more than they presently pay. Mr. Geake asked if people should then pay a flat rate for other utilities, such as electric. Mr. Hamilton reiterated that if they go from the present basis to consumption based billing, 70% of the residents would pay more.

Ms. Brown suggested that the WPCA provide a discount to seniors and the disabled. Mr. Alvord said that they can't do that.

Mr. Hilliard said that they need to learn from someone who has a consumption based system; he suggested looking at Stamford's system.

Mr. Bonenfant asked if a person with a single family home in Stamford would pay more than \$225.00. Ms. Burns said that they would pay over \$300.00. Mr. Hempstead said that he would like to know the fee scale for 1 – 4 family homes, apartments and condominiums. Mr. Alvord said that Stamford publishes their rates and he will provide that information to the Committee.

Mr. Hamilton said that he was Vice Chairman of the WPCA in Stamford and was involved in the establishment of the system. When he left five years ago, he believed that the average residential fee was \$327.00.

Mr. Hempstead asked if there was a way to do a couple of random graphs of multiple family homes and to ask the water departments to provide water consumption. Ms. Burns said that SNEW is the only one that will provide information.

Mr. Hilliard said that the City should go to consumption based billing because otherwise it looks out for the wealthier residents by charging the people who use less the same and they pay. Ms. Brown said that everyone is being subsidized. Mr. Hilliard told her that he does not know that. Ms. Burns said that currently the commercial users subsidize the residential users.

Mr. Geake asked who the largest user was in Norwalk. Ms. Burns said that Norwalk Hospital was the biggest user.

Mr. Hempstead suggested bringing this item back to the Committee for further discussion; however, he said that he still wants the consumption based billing. Ms. Brown said that this would increase everybody's bill. Mr. Hilliard said that people should pay what they should pay. Mr. Hempstead added that this has nothing to do with big houses.

Ms. Burns said that before they finalize the report, the comments expressed this evening will be incorporated into the report.

**\*\* MR. BONENFANT MOVED THE FOLLOWING ITEM:**

**AUTHORIZE THE MAYOR, RICHARD A. MOCCIA, TO EXECUTE AN AMENDMENT TO THE AGREEMENT BETWEEN THE CITY AND MCGLADREY & PULLEN, LLP DATED JULY 12, 2004 FOR INDEPENDENT AUDITING SERVICES TO INCLUDE THE FOLLOWING INCREASE: FOR FISCAL YEAR 2009-10 (AUDIT OF JUNE 30, 2009) A TOTAL MAXIMUM AMOUNT OF NINETY-TWO THOUSAND DOLLARS AND NO CENTS (\$92,000.00)**

Mr. Hamilton explained that the City of Norwalk currently uses this firm as an outside auditor. They are retained by the City five years ago. The Audit Committee with a representative from this Committee, Mr. Hilliard along with the Chairman of the Board of Estimate and Taxation and the Chairman of the Board of Education's Finance Committee and Mr. Nate Yorden, a resident CPA met with the auditors to go over the final results of the audit. The Audit Committee is satisfied with the services of McGladrey & Pullen, LLP as well as with the costs. The Audit Committee made a recommendation to the Board of Estimate and Taxation to engage them.

Mr. Hamilton said that the Board of Estimate and Taxation indicated that they were comfortable with a one year extension and asked the Finance Department to go through the RFP process next year. He said that some organizations believe in rotating auditors every couple of years. Mr. Hilliard asked how long they have been with the City. Mr. Hamilton said that they are at the end of their five year contract with the City. They agreed to maintain their current prices. He added that the Board of Education pays for 50% of the cost.

Mr. Hilliard said that the Common Council has nothing to do with this. Mr. Hempstead said that going out to test the waters is not a bad thing. Mr. Hamilton said that the issue with most types of professional services is not to disqualify someone you are happy with. Mr. Hilliard said that he wanted to relay that to this Committee that they were not bound as a Common Council by what the Board of Estimate does.

**\*\* MOTION PASSED UNANIMOUSLY**

**\*\* MS. BROWN MOVED THE FOLLOWING ITEM:**

**RECEIVE BOARD OF ESTIMATE AND TAXATION SPECIAL APPROPRIATIONS FROM MARCH 2, 2009**

Mr. Hamilton said that there are three special appropriations; two are from the Department of Public Works. He explained that the first is for \$50,000 from the

contingency account to pay for asphalt. The budget is exhausted at this point. The second appropriation request is for \$540,000 from contingency to the Department of Public Works for solid waste disposal. The total tonnage is higher and that drove some of the cost.

Mr. Alvord explained that with the new contract in place, the City pays substantially less for solid waste disposal. That validates the efforts the DPW went through to put in a successor contract in place. Ms. Brown asked if they were at a point where they need more special appropriations and if so, how much. Mr. Hamilton explained that he will need to do one for snow removal overtime, salt and uniforms, but these requests will take them through the rest of the fiscal year for trash.

The third special appropriation is for \$126,485. Mr. Hamilton said that this is a grant that is by law required to go to the Board of Education. The Board of Education agreed that they would return at least the same amount of money back to the City at the end of the year. This grant was funded from the State of Connecticut last spring when fuel costs were sky high to help fund the fuel accounts. This will come back to the City, assuming the Board of Education has not spent the money.

**\*\* MOTION PASSED UNANIMOUSLY**

**APPROVE THE MINUTES FO THE FOLLOWING FINANCE COMMITTEE MEETINGS:**

FEBRUARY 12, 2009

**\*\* MS. BROWN MOVED TO ACCEPT THE MINUTES OF FEBRUARY 12, 2009 AS SUBMITTED**  
**\*\* MOTION PASSED WITH ONE (1) ABSTENTION (MR. BONENFANT)**

FEBRUARY 18, 2009

**\*\* MR. GEAKE MOVED TO ACCEPT THE MINUTES OF FEBRUARY 18, 2009 AS SUBMITTED**  
**\*\* MOTION PASSED UNANIMOUSLY**

There was no further business and the meeting was unanimously adjourned at 9:50 p.m.

Respectfully submitted,

Rosemarie Lombardi  
Telesco Secretarial Services