

**CITY OF NORWALK
FINANCE/CLAIMS COMMITTEE
REGULAR MEETING
JANUARY 8, 2015**

ATTENDANCE: Bruce Kimmel, Chair; Douglas Hempstead, John Igneri, Dave McCarthy, Jerry Petrini, Travis Simms

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

OTHERS: Shannon O'toole Giandurco, Clyde Mount, Ernest DeRocheres, Karen DelVecchio. It Director

Mr. Kimmel called the Regular Meeting called to order at 7:00 p.m.

APPROVAL OF MINUTES

December 11, 2014 – Regular Meeting

Page 1: First paragraph, 2nd sentence, Mr. Kimmel noted that Mr. Hamilton's name should be replaced with Mr. Rudl's, and that "2.74" should be changed to "2.74% proposed increase in the BOE budget."

**** MR. IGNERI MOVED TO ACCEPT THE MINUTES AS CORRECTED
** MOTION PASSED UNANIMOUSLY**

PUBLIC PARTICIPATION

Mr. Kimmel asked if there was anyone present in the public that would like to speak on any issue other than the Oak Hills Golf Authority. He then said that because no one stepped forward, Public Participation would be in conjunction with discussion of Oak Hills.

**CLAIMS COMMITTEE: RECEIVE THE MONTHLY CLAIMS REPORT; REVIEW
AND APPROVE CLAIMS AS REQUIRED FOR CLAIMS REPORT DATED:
JANUARY 8, 2015**

Ms. Biagiarelli said that she doesn't need anyone to vote on any claims, as they were all under the threshold.

**NARRATIVE ON TAX COLLECTIONS DATED JANUARY 8, 2015 – RECEIVE
REPORT AND DISCUSS.**

**MONTHLY TAX COLLECTOR’S REPORTS – RECEIVE REPORTS AND DISCUSS:
DECEMBER 31, 2014**

Ms. Biagiarelli said they are very slightly behind schedule according to their December numbers, in relation to the previous year, because bills went out about a week late, but they should be back on track at the of the month or in the first weeks of February. She said the last day to pay is Monday, February 2. She said during this month they will be deeding over any of the properties that have not redeemed from the tax sale, which was about 6 months ago. She said the sale was July 21, 2014, and it ends January 21, 2015. She said they started with 260 properties plus boat slips, and noted that they are now left with 9 – all the others have been paid. She said she suspects that 1 or 2 of the 9 may be redeemed between now and the deadline. However, she said it currently looks like 9 will deed over: 3 boat slips, 2 parcels of vacant land that are being taken over by the City, and 4 homes. She said the other news is that they hit \$2 million in the Alias Tax Warrant program that they began tracking in 2008. She said this is where the State Marshall goes out to banks with a warrant from her and tries to seize funds or property on location at the business. She said she thought the \$2 million was an important number to hit. Mr. Kimmel asked why it was called an Alias Tax Warrant. Ms. Biagiarelli explained that it is because he is an alias for her, as she is not going out there herself; she gives the Marshall authority to collect on this account, and provides him with a list of all pertinent details.

**RECEIVE BOARD OF ESTIMATE AND TAXATION APPROPRIATIONS DATED:
JANUARY 5, 2015**

Mr. Kimmel introduced two appropriations: one for overtime reimbursements to the Norwalk Police Department, and the other for overtime reimbursements to the Registrar of Voters for the primaries. He asked Mr. Hamilton to go into more detail. Mr. Hamilton said the first appropriation is recognizing that a sum of \$7,202 has been received and will be spent by the Police Department for overtime relating to a drug investigation. He then said, regarding the second appropriation, that the BET made a \$200 adjustment at the request of Mr. Stuart Wells III, who indicated that the amount could be reduced by this sum, as it was excess. He said the corrected sum was \$23,087 as of Monday, January 5, 2015. He said the expenses cover the primary, noting that the City doesn’t routinely budget for primaries unless they are certain they are going to happen. He said they do include funds in contingency for items that may happen, such as primaries, however. He said the Registrar of Voters has given them an itemization of expenses, noting that the largest expenses were for temporary poll workers conducting the elections, telephone, machinery and equipment expenses for ballots, and delivery of polling

equipment, as well as other election supplies, to the voting venue. He said that this amount is consistent with what is typically spent on a primary, and was a pretty standard appropriation. He noted that they waited until after the November elections to see if there were surpluses in some of the accounts that they'd budgeted for the elections, so the actual primaries cost a little bit more than this – around \$45,000 – but because extra funds were available they were able to reduce their appropriation request to \$43,087.

Mr. Kimmel then asked how much a municipal election costs. Mr. Hamilton said he believes about \$75,000. Mr. Kimmel asked to be informed if the number turned out to be significantly larger or smaller. Mr. Hamilton said he'd double check and let him know.

Mr. Hempstead here suggested that they move 8 and 9 up in the pursuit of time saving, as Oak Hills might take some time to discuss. Mr. Kimmel acquiesced to this suggestion, and decided to take the agenda out of order, moving to items 8 and 9.

AUTHORIZE THE PURCHASING AGENT, GERALD J. FOLEY, TO ISSUE PURCHASE ORDER TO TYLER TECHNOLOGIES FOR THE TYLER MUNIS DOCUMENT IMAGING & INDEXING SYSTEM KNOWN AS THE TYLER CONTENT MANAGEMENT SYSTEM SOFTWARE FOR AN AMOUNT NOT TO EXCEED \$60,000, ACCOUNT 157-12110330-57.

AUTHORIZE THE PURCHASING AGENT, GERALD J. FOLEY, TO ISSUE PURCHASE ORDERS AS NEEDED FOR THE PURCHASE OF SERVER AND PERIPHERAL EQUIPMENT AND SOFTWARE TO SUPPORT THE TYLER CONTENT MANAGEMENT SYSTEM FOR AN AMOUNT NOT TO EXCEED \$30,000, ACCOUNT 09140600-5777-C0375

Mr. Hamilton said he would really turn this over to Mr. Gildea and Ms. Lyons, but essentially this was a request to purchase enhancements to the City's Integrated Financial Management system. He said they have been using a MUNIS financial management system for a number of years now, but there was a product available called Tyler Content Management, which will allow documents that are currently in paper/hardcopy form to be scanned in electronically to make them more readily available to any of the departments, and also citizens. This would include payroll records, W2's, tax filings, purchase orders, invoices and all the documentation that goes along with that. He then asked Ms. DelVecchio and Mr. Gildea to go into a bit more detail about this.

Ms. DelVecchio said that they are seeking to reduce paper storage and staff time in the pursuit of efficiency. She said that currently some of it is online, some is in filing cabinets. She said this

will also be more efficient for department heads. She said it would integrate with the current management system, noting that they are trying to be as digital as they can. Ms. DelVecchio pointed out an error on the equipment spreadsheet: the unit costs and the extended costs don't match. She said unit costs were in fact correct, but the extended costs for some reason were not correct. Mr. Petrini asked if it would be \$60,000 for the software and \$30,000 for hardware. Ms. DelVecchio confirmed this. Mr. Gilden then said that the school system is paying for \$60,000 out of its budget. Mr. Hamilton said this will significantly help the school system in addition to the City as they have a significant amount of paper records/documents. Mr. Kimmel then said so they should expect their paper bill should go down.

**** MR. HEMPSTEAD MOVED TO AUTHORIZE THE PURCHASING AGENT TO ISSUE A PURCHASE ORDER TO TYLER TECHNOLOGIES FOR THE TYLER MUNIS DOCUMENT IMAGING & INDEXING SYSTEM KNOWN AS THE TYLER CONTENT MANAGEMENT SYSTEM SOFTWARE, NOT TO EXCEED \$60,000**

**** MOTION PASSED UNANIMOUSLY**

RECEIVE OAK HILLS AUTHORITY MONTHLY FINANCIAL STATEMENTS AND AUDIT REPORT.

Mr. Kimmel asserted that the City Code requires they receive a monthly statement from Oak Hills. Mr. Hamilton confirmed this, and said the section of Code that created the Oak Hills Authority deems that they should file written report of its doings, income and expenditure in a written report – on the 15th of the month – to the Mayor, BET and the Common Council. He said they have been providing monthly reports regularly, but only after reviewing the code recently they came to the conclusion that this should be provided to the Finance Committee as well. He said it also provides that they should give an annual independent audit, which they will also provided for the Mayor. He noted that they want to comply with the city code.

Mr. Kimmel then said he recalled that in the late 1990's the Finance Committee received 1-2 page updates on financing from the BOE; he said he wasn't sure if he'd remembered this correctly, but asked that it be looked into to see if what applied to Oak Hills also applied to the BOE. Mr. Hamilton said he'd look into it. Mr. Kimmel said he sat in on the BET meeting earlier in the week regarding Oak Hills, noting that he liked the format of that discussion. He asked Mr. Hamilton to take the lead, and let the Oak Hills folks jump in whenever they wanted to point something out; he wanted to keep the discussion informal.

Mr. Hamilton outlined the documents he'd provided to the Committee. He said they were given the June 30, 2014 audit report that has been completed for Oak Hills, November financials for

2014, November sales analysis for 2014, a FY 2014-2015 budget, a November YTD budget variance report, and a Burn Rate Analysis as of November; he noted that the packet he'd handed out for the current meeting was an updated version of the Burn Rate Analysis through December. He noted that the Audit Report had come out, and said that the Auditor has issued a qualified audit opinion, and that the qualification relates to a W concern qualification, which comes back to the issue that they and Oak Hills has been wrestling with, i.e. a deficit presently in the Oak Hills operations. He said during the last year the deficit increased from the previous year's deficit of \$48,965 to the June 30, 2014 deficit of \$156,636; he noted this was a \$107,000 increase in deficit, which resulted in a qualification on the Audit Report which suggested discussion with Oak Hills representatives. He said, in terms of the City's position on this, 2 years ago Oak Hills was facing significant cash-flow shortfalls to the point that they had to come to the City, and the City approved an Operating Loan of \$150,000m which was to get them through the winter. Mr. Hamilton then said the discussion at the current meeting was to figure out whether Oak Hills could make it through the winter without assistance from the City. He said they'd raised some concerns, noting that Mr. Barron in particular expressed some concerns with Oak Hills, and has met with and worked with Oak Hills people to help figure things out. He said the Authority has taken steps to bolster their cash position, and put them in a position to make it through the winter.

Mr. Hamilton then turned the Committee's attention to the Burn Rate Analysis packet. He noted that the number \$69,969 was circled at the top of the Golf Revenue column because it was such a significant improvement in the cash position for Oak Hills. He said the Authority took proactive steps to advance the sale of golf cards and institute new programs and measures to bolster cash position through additional golf revenues in the month of December. He said that golf is a seasonal business, noting that revenue needs to be made during good weather, as people don't want to play in the poor conditions. He then directed attention to the number \$91,727, which was the end of December bank balance, and which agrees with the number on the Balance Sheet, after excluding a \$2,000 escrow. He noted that this was a legitimate place to start the analysis. He then said they are projecting to be in positive cash flow at the end of January, \$16,000 short by the end of February, and then a total of \$25,700 in March, after which the cash position will improve in April – significantly so in May, and particularly by the end of June, when they are expecting over \$200,000 in cash. He noted that it's really a question of getting through February, March and April. He said that in October the Authority acquired a bank line of credit for the sum of \$100,000 that is available to them to draw down upon to meet seasonal cash needs. He said this is not unusual for a seasonal business to rely upon, and said currently they will have to draw down on a sum of \$25,000 from that credit, and that they will be in a position to repay that credit by May. He said they believe the Authority should be able to make it through the winter without needing an appropriation. He noted that operation is still constrained, and that they'd like to see them in position not of deficit, but of positive assets. He said that concludes where they are at in

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their review of Oak Hills, although they expect Oak Hills to be back before them by end of next month. He noted they'd reached complete agreement with the State of Connecticut for the original grant agreement of \$1.5 million for Oak Hills. He said the original agreement had stated that the city would come up with all the money – they thought they were accepting 1.5 mill state grant – but the language has been adjusted accordingly, which is good news for the golf course as well as the City.

Mr. Mount then took the floor and said that when the word deficit comes up, people think that Oak Hills can't make money. He said that the deficit being reported included depreciation expense, and although it was an account expense, it wasn't a cash expense. Mr. Mount then passed out some papers detailing account specifics. He ran off the numbers for previous years, stating that in 2012 it was \$27,060, \$26,090 in 2013, and \$27,028 in 2014. He noted that one of the concerns was that revenue was dropping, but in reality it was just cart revenue that was dropping. He said this happened because there were some cart paths that got too wet to use carts on. Mr. Kimmel said he was impressed at BET meeting, and asked Mr. Mount to repeat what he said there. Mr. Mount then elaborated, saying that they received half as large a revenue as Stamford due to a lack of continuous cart paths. He said that it is clear that cart path revenue is down from the previous year. He said when he looks at income he doesn't typically look at depreciation, but he felt that the interest paid to the city was important. He then said after they paid interest to city the golf course made \$120,000, noting that when they took depreciation out of that they were left with a deficit of \$106,000. He said he understands why depreciation has to be included, but noted that it is not a cash expense. He said what they really have to focus on is on personnel, as that is one of the few things aside from sales that they can affect. He said they're not going to do anything with maintenance as it is as low as it can go. He said they will double down with personnel.

Mr. Hempstead then asked what the debt service on the loan for the restaurant was. Mr. DeRocheres said the restaurant is \$136,000 a year (interest in principal), revenue from the restaurant is \$72,000. Mr. Hamilton then directed attention towards the debt service packet, noting that the restructured debt to the City was \$161,647, and that some additional capital funding was provided for \$150,000, so the debt service on that was \$16,612, and the debt service on the operating budget was also \$16,612. Mr. Hamilton said the bulk of this was the restaurant. Mr. Hempstead asserted that they need to break the cycle of debt, and that they need to figure out how to write off a portion of the debt to break even. He said he thinks they need to make it a lot longer than it has been. Mr. Hamilton noted that they'd extended payment to 30 years. Mr. Hempstead then said he thinks the city needs to figure out a way to make this a real financial obligation based off reality, as opposed to assumption. He said they can't just be billing based off the past precedents, suggesting the City should perhaps re-acquire it and lease it back to them.

Mr. DeRocheres said the rent they pay is \$72,000/year, whereas rent collected from any other restaurant attached to a golf course in Fairfield County is generally \$37-45,000/year. He said if they brought an operator in they couldn't lease it for much more than \$45 -50,000. He said one issue is that the grant disallows putting money into the restaurant; it foreclosed use in rental properties. He said the City has a big problem with the establishment: it's not insulated, the heating bills are much too high, they've had to fix roof, replace boiler, etc. — it's now entering that phase where money will need to be invested each year to maintain it. He said they have done everything they can to keep it going in the right direction, but that won't help if all the cash is being sucked out for debt service. Mr. DeRocheres then asserted that debt can be extended infinitely, but it would be impossible to generate \$1.9 million to service that debt from a rental, so they have to use revenue generated from golf. He noted that they only make \$200-300,000 a year before debt, and that it's over-leveraged. Mr. Hamilton said the decision was made to build restaurant, and that that money needs to be paid. Mr. Kimmel said they will deal with \$1.5 million the next month, then in March they will focus on the restaurant issue. He asked Mr. Mount and Mr. DeRocheres for their opinion on what a prudent course would be when they came back. Mr. Kimmel then thanked them.

OVERVIEW OF FISCAL YEAR 2015-2016
OPERATING BUDGET FOCUSING ON KEY DRIVERS.

Make budget requests at a level that is less than the enclosed pro forma budget. He noted that the pro forma budget projects labor and contract changes, estimated increases in health insurance and pension costs, retiree health insurance costs, debt service, and general inflation. He said the Mayor said he felt the projected tax increase coming out of the pro forma budget was too high, and challenged them to come in with a budget that was below pro forma. He reviewed the packet, and drew attention to the Total Expenditure line, noting that his pro forma had estimated that budget needed to go up \$8.7 million, or 2.7%. He said departments have submitted budgets that total \$10,975,000, or a 3.5% increase. He noted that a few departments came in under pro forma – most did not, however. The Police Department budget is up \$493,000 but they know that the way in which they perform the budget for the Police Department they didn't include Capital Acquisitions, which are primarily police cruisers, as they put those in contingency. Mr. Kimmel then asked why Police cruisers are in the operating budget. Mr. Hamilton said because they don't have a useful life that meets the requirement of a capital project. He said they have about 3 years of frontline service. Mr. Kimmel asked why this was the case. Mr. Hamilton noted that it's not so much the mileage as it is the hours, and police cruisers spend a lot of time idling.

Mr. Hamilton said the Mayor had put out a challenge to get low rate to 2% or less, and that they weren't there yet, but were working towards it. He said they'd picked up a substantial amount of non-tax revenues going from the pro forma estimate of \$31.6 million up to \$33.1 million. He

said as of now they are not projecting any use of fund balance, as the budget has not been finalized. If they are going to get below 2% tax increase number they are going to either have to make reductions to expenses or find non tax revenue of about \$2,700,000. He said there are 8 new positions that have been requested by City departments. He said he thinks there's a good chance they won't see all 8 new positions - but these 8 positions translate to \$519,000 dollars in salary. He said one of the drivers is debt service going up next year, at about \$1.5 million. He said they will look for possibilities to do refunding, but that's not looking too likely now. He said generally speaking wages are going up at about 2-2.25%, which translates to \$1 million in wage increases. He noted that all contracts (except police) are settled for the next year. He said the BOE budget is going up, and is the biggest single increase, and is going up by \$4.5 million or 2.7%, which is lower than what they've seen from the BOE in a long time.

Mr. Kimmel asked if the BOE is now a little over 2.8%, as he had read in the paper. Mr. Hamilton said no, it had been approved at 2.7%, according to Mr. Rudl. Mr. Petrini asked if that was 2.7% above what they budgeted the previous year or what they actually spent. Mr. Hamilton said those are the current year's budget. Mr. Kimmel asked if Mr. Hamilton was comfortable are you comfortable that the new positions would save money. Mr. Hamilton said they were able to demonstrate \$300,000 in savings in contractual expenses. What they're proposing to do is bring in-house Special Ed services instead of out of district, but from the budget they presented they expect to perform those services for less money than it costs for out of district contracting. Mr. Hamilton then noted sometimes one student could end up costing as much as \$100,000/year. Mr. Kimmel said he thinks they should be mindful and not penny-wise, it's going to cost them up front but they'll see. Mr. Hamilton said it makes sense to let them give it a shot. look at Danbury, getting that done with such fewer resources.

Mr. Kimmel then asked about the 8 new positions, specifically about a permanent engineer for the DPW, and if it would generate additional income, as well as if was worth the expense. Mr. Hamilton said maybe – their position is on the permit side of things. He then noted that they'd been talking with Yankee Gas for the past 3 years. He said there have been significant increases in assessments over the past two years there that correlate to what Mr. Alvord was suggesting. He said one year it had gone up \$200,000, and then the past year it went up about \$300,000. He said his caveat was that the grand list being finalized for October 2014 is is the grand list they will use for the next year's budget. He said the additional expense is in 2015-2016 budget, but they won't see the additional revenue until 2016-2017. He said they did talk about the issue of permit cost. He noted that if a permit is \$100 each time one pulls a permit, a big enough volume will eventually cover the cost of the permit fees which they paid when they started the work. He said that was one of the positions that he has some sympathy for - but he's not at the point where he can make a recommendation. Mr. Hempstead said he thought the debt service was supposed to level off. Mr. Hamilton said it did level off, as it declined slightly for

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this year from the previous year. He said the reason it's going up for next year is that, Jack, his predecessor, decided to delay the repayment of principle to 36 months. He said so when they issued debt July 1, 2015 they would be making interest payments but would delay the first principle repay until 2018. He said the problem with that structure is that it's better for the City to start paying debt off sooner rather than later. He said he's pushing those maturities out so that the first maturity doesn't hit 3 years out. He said they're not taking advantage of low rates at the end of the curve, noting that they made a decision to defer to 24 months instead of 36. He said he'd like to get it back to the standard way municipal bonds are structured, which entails the first principal payment being made at 12 months. He said the problem with that is that they would get hit double for the year. Mr. Hamilton said it was done in consultation with the BET. He said if they look at pensions they'll notice that it is mostly flat, noting that pension costs were going up at \$2 million/year for several years, but they leveled off this year. He said they went to the BET to say this is a good year to bring the debt return back to standard. He said hitting \$27 million is not where they expect to ultimately level off – but in 2006, 2007, 2008 they were going up \$3 million a year.

Mr. Hempstead talked about Public Works, saying that if they are encouraging people to build, he would much prefer people getting legitimate permits. He has heard quite a few complaints about it, specifically that it sometimes takes 2-3 months to get ahold of a permit. Mr. Kimmel agreed, and said he has heard about the wait. Mr. Hempstead wondered if there could be a part time position, or if it could be made seasonal. Mr. Hamilton said he hasn't talked to the Mayor about permits yet, but that it struck him as having the most rationale behind it, and that is most likely what he would be recommending – although he couldn't say for certain yet. He said they need to see how this all comes together, and where else they can find money. He said they recently rebid diesel fuel and gas, which should get them about \$3-400,000. He said they'd updated health insurance, and now have a flat budget on that. He said they still need to look at retiree health insurance, but their OPEB trust fund is doing well, at \$50 million in assets.

Mr. Petrini said it looks like they saved \$10 million, and asked if that goes into surplus. Mr. Hamilton said no, at the bottom there are revenues of \$312 million and expenditures \$307 million, so they had a favorable result of operation of \$4,000,687 – a significant chunk of which was reserved for the BOE, and half of which went back to them. Mr. Hamilton said the unassigned balance, which is actually available, is \$34.6 million as of June 30th, representing 10.3% of gap revenues. He said their fund balance policy is to maintain the fund balance between 5% and 10%. He said they have a little bit of an inconsistency here as they were originally shooting for 8.5%; the median is now right near 10.3%. He said he thinks they have room to use some of that fund balance. Mr. Petrini asked where they were as of June 30th, 2014. Mr. Hamilton said they were at about \$29 million. Mr. Petrini asked Mr. Hamilton if the grand list fell. Mr. Hamilton said no; he'd built in a .25% increase, which he hopes is conservative as

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there is a lot happening. He said this is just an early estimate, but they will have the budget finalized and have a number from an assessor at the end of the month, which he hopes will help bring the low rate down as well.

Mr. Hamilton said the State has a shortfall in next year's budget. He said they didn't build any increases, but they picked up an increase on the Norwalk Hospital. He said they can estimate what they should receive for pilot payments, but the State has a fixed pool of money, unless they add more. But assuming the state says they won't add any more money, it doesn't mean they won't get money – they just won't get the full number. He said they'd made best calculation on pilots rates staying flat statewide. He said he thinks they will get some funding there though. He said they have a couple new proceedings, including bulky waste pickup and a proposal to start a street-sweeping program. He said there is also substantial sum of additional money for grant agency. there will be fairly significant increase in total allocations. grant agency committee recommending funding a portion of it, which is likely what he will be recommending. Mr. Petrini asked if he had any idea where a cap will come in for debt services. Mr. Hamilton replied he is expecting \$20 million, noting that the total request was for \$26 million? He said even though it doesn't seem like that big of a gap, it will be difficult to go down from \$26 -20 million. Mr. Kimmel said that's alright, the budget is low. Mr. Hamilton said the budget this year was going to be easier to put together than in past years, noting that Health Insurance and Pension expenditure had been constrained. He said there was a small reduction in actuaries' discount rates, noting that they have to use discount rates to calculate their liabilities. He said they used to be at 8.25%, then they dropped it to 8%. Mr. Gilden said he thinks it's currently 7.75%- going to 7.625%. Mr. Hamilton said the actuary would prefer to see number at 7.25%, but they're satisfied with the incremental changes.

Mr. Kimmel said that there is no one complaining about BOE which is unusual. He said last year they did something like this, where they worked back from the cap. He said the next Finance Committee meeting is scheduled for the 12th. He asked if the BET had planned a public hearing or set a date.. Mr. Kimmel said the 19th – the Thursday after their February Finance Committee meeting, they had a hearing with the option of having a special Finance Committee meeting. He noted that they didn't hold the meeting, but asked how the committee felt about it. Mr. Hempstead said he likes to have the public weigh in on it. He asked if they were thinking about holding a meeting on the 12th of February, then a public meeting on the 19th with the option of a special meeting. Mr. Hempstead wondered if they could do that separately, and asked if they could do it on the 26th. Mr. Petrini asked how people felt about getting together with the BOE to discuss this. Mr. Kimmel recommended that Mr. Petrini touch base with Mr. Lyons, and both of them come up with a proposal. Mr. Kimmel then asked when they might see their budget book. Mr. Hamilton said he thinks that it's already available, noting that they probably produce a separate book. Mr. Kimmel said it would be ideal if they could meet on Tuesday and go through

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it, noting it doesn't matter if they use the Superintendent or BOE book. Mr. Petrini said the 21st or 22nd of January were open, noting that the 21st is probably a good date for them. Mr. Petrini said he will set something up toward the end of January, or for the beginning of February.

Mr. Hempstead said they are trying to get the commercial blight going, which is generating revenues. He said they're trying to figure out whether it's a part-time position, or over time. Mr. Hamilton said Bill gets a stipend to do that; by ordinance, any revenue goes into a special revenue fund. He said he might be assuming the revenue will be there to cover the expenses. He said as long as it's there, there's no problem – but he didn't think he put anything in the operating budget. Mr. Hempstead said they went up \$2.5 million at the end of the day the previous year, noting that they weren't anticipating anything else. He said if they're hiring new positions to save money. He asked if there was any indication that there will be money left over, to which Mr. Hamilton said no. Mr. Kimmel said they can't take it upon themselves to decide for the BET.

Mr. Hempstead then asked about the grant committee. Mr. Hamilton said that they are an ad hoc advisory committee to the Mayor, and are not formally constituted in the City Code, noting that their recommendations don't carry any legal significance. He then said he, however, relies on them for his recommendations, unless a recommendation simply doesn't make sense. He said they have relied on them; they are folks selected by the Mayor. He also noted Mr. Barron has been staffing the committee so he hasn't attended the meetings for a few years, but they meet with each of the grant agencies and they do have minutes. Mr. Hempstead asked if they just make a recommendation to the BET. Mr. Hamilton said yes, though technically they just make a recommendation to him. He then noted that he's not required to take their recommendation legally. Mr. Hamilton said they vote on individual appropriations for individual agencies; the BET is right down to line-item approval on budgets. Mr. Hempstead then asked under what authority they operate – asking how he would give a grant agreement to the Red Cross if they have no authorization. Mr. Hamilton said there's not a written grant agreement. Mr. Hempstead then asked where the check in the system was, since they weren't a city organization. Mr. Hamilton said that when they issue a purchase order he doesn't think there is anything that is run through the council - only if they have a contract. Mr. Hempstead asserted that there's no contract. He asked how much a year it costed. Mr. Kimmel said it costs 1.8 million a year. Mr. Hamilton said it depends on what is included as grant agencies – the biggest service would be senior services. Mr. Hempstead said he thinks it's worthy of looking into, as a legal issue. Mr. Hamilton said the issue he was raising was, before they expend funds, whether should there be authorization from the council.

Mr. McCarthy said if it got to the point where it was contentious, the council's check would be that they could reduce the cap by the amount of the grant if one wanted to get rid of the grant –

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though the BET could then approve it. Mr. Hempstead then asked why they wouldn't give out money in grants if they were taking money. He said overtime has a process – it almost constitutes special appropriations, as they are an outside agency. Mr. Hamilton said that normally they authorize the Mayor to execute a contract; there is no contract between the City and these agencies. Mr. Kimmel asked if all municipalities did this, and why they did it. He said he was curious if anyone getting money from this list was also getting money from community block grant funds. He said they have to say no to so many worthy organizations that they should be informed before they make a decision. He said he's surprised, as they distribute \$2 million a year. He asked whether other cities do this. Mr. Hamilton said it depends on the size of the city; most do not, necessarily. Mr. Petrini said that the top 5 cities in Connecticut get State support for free, anyone after that typically does not. Mr. Hamilton then said that most senior centers are run directly as city departments, but Norwalk is run through a State grant. Mr. Kimmel then asked how Mr. Hamilton came up with the \$1,871,391 figure instead of a flat figure, noting that he was looking at the pro forma. Mr. Hamilton said he might have increased it by 1.5% - 2%. Mr. Petrini clarified that there was no increase. Mr. Hempstead expressed concern that there was no requirement at the end of the year to indicate what was serviced. Mr. McCarthy said they've got an informal process, but they're not codified. Mr. Hamilton said one of the reasons they have a grant committee is to do due diligence. Mr. Kimmel asked if the legislated \$17,000 was a budget. Mr. Hamilton said most of it was for their salaries.

Mr. Kimmel then reviewed upcoming meetings.

ADJOURNMENT

**** MR. MCCARTHY MOVED TO ADJOURN THE MEETING
** MOTION PASSED UNANIMOUSLY**

The Regular Meeting was adjourned at 8:55 p.m.

Respectfully submitted,

Justin Hoffmann
Telesco Secretarial Services