

In terms of major budget assumptions, built into this pass through budget, Mr. Hamilton said state grants are based on certain information at this point from the state of Connecticut and are subject to change. He said the real estate conveyance tax is incorporated based on the current status of state law, they have assumed a grand list of just over \$10 billion based on the preliminary values that have been established by the assessor. He pointed out that this is an estimate only; the grand list has not been finalized as well as the motor vehicle list or the personal property list. Mr. Hamilton also pointed out that the number they are using does not assume any kind of phase in on the grand list.

The tax collection rate they have assumed in this budget, Mr. Hamilton continued, is based on 98.2%, which is consistent with current collection performance. The interest income projection has been decreased by \$700,000 from the amount budgeted in the current year; they have projected interest income as flat from what they are now projecting in the current fiscal year based on interest rates at historic lows.

On the expenditure side of the budget, Mr. Hamilton said that major assumptions built in are debt service that has been budgeted for \$16 million; of this amount a certain proportion is related to the Maritime Garage for the purposes of the arrangement between the city and the parking authority. Ultimately the expectation is that the cost will be covered by the parking authority, for legal purposes they had been advised to put in the money for the lease payment in the city's general fund budget. Again, Mr. Hamilton said this is an area they are actively working on with the financial advisors. With regard to medical benefits, this is an area that continues to give them some cause for concern although he indicated that on the city side there was a modest increase of 4.8% although the underlying trending is running at 13-15%. He noted a good point, regarding the employee contributions under the new labor contracts as they are helping break down the city's costs.

In terms of some of the specifics, Mr. Hamilton said in this pass through budget, the requested budget incorporates a re-organization in the DPW that includes some staffing reductions, the transfer of facilities and building management function into the DPW, it includes the transfer of sewer works out of the DPW and into the Health Department and it also incorporates the addition of a city wide customer service. The budget also incorporates two other position reductions elsewhere, the consolidation of the combined dispatch unit and emergency management operation and that includes the transfer of five policemen back to the police department.

With respect to the Board of Education, Mr. Hamilton, said this is also a pass through budget and includes the 9.2% increase that they have requested. He said there is a slight discrepancy in the numbers due to them basing the budget on the adjusted budget for the current year. He also indicated that they are also working with the Board of Education to identify areas of savings; areas where the city and the Board of Education can work more closely together in operations, for example joint purchasing to become more efficient. He said the budget letter does provide two other pieces of information regarding the direct appropriation and total state grants to support the budget.

Mr. Hamilton said the tax levy would be approximately \$212.9 million and the mill rates will all drop because of the evaluation however this will differ from property to property. In conclusion he said this is the start of the process, not where they expect to end up noting there was a lot of work in front of them.

Mayor Knopp apologized for having to leave but wished to make the following comments. He said the procedure of using a pass through budget is one they have used for the last two years and the outcome of those two years after all of the additional time spent has resulted in the lowest municipal spending increase of any other municipality in the region. Regarding the re-organization in the DPW, the Mayor said this is long overdue, the organizational structure the DPW has been working under was created in another era when the department had many more employees and more work was done in-house. Since that time the city has contracted out many of the operations and most of the maintenance functions. All the while the management structure has remained unchanged. Mayor Knopp stated that the new organizational structure creates a much neater management team with no direct impact on public services. He went onto say that the city will now staff a full-time customer service center and has never had such a service in place to address the complaints of citizens. The centralized service center will provide a single point of contact for citizens wishing to file a complaint or place a request for service. It will log all information received and create a work order for the appropriate department that will then track the progress. Finally, Mayor Knopp said the re-organization of the DPW would save the city money.

Mayor Knopp thanked Mr. Hamilton and his team for their work in preparing the budget.

Mr. Farstrup thanked the Finance Department and commended the Mayor and the DPW for an innovative solution to finding ways to save money.

Mayor Knopp left the meeting.

Mr. Davidson asked (Mr. Hamilton) when the individual budgets, by the departments, were submitted to the finance department for review.

Mr. Hamilton said it did depend on which department Mr. Davidson was referring to, but on the whole just before Thanksgiving. He said the Board of Education budget comes in much later than that, specifying mid-December.

Mr. Davidson asked if was Mr. Hamilton's understanding that the Charter suggested that the budget that is submitted to the Board of Estimate and Taxation be a pass through budget. Or was it his understanding that the budget being submitted is supposed to represent the administration's budget. Mr. Davidson said he had only been here for two years, and in the first year he could understand a pass through budget as the Mayor had just moved into office, but last year they had a pass through budget that he objected to and tonight he expressed his objection, very strongly again. He said tonight they should be seeing the administration's budget that reflects the work of the finance department and the Mayor's office from November 15 to today. It should not be a pass through budget.

Mr. Farstrup said he did agree with Mr. Davidson in principle that it would be in the best interests of the Board to receive a more complete budget on the part of the administration. He felt as though they were placed by the City Charter in a pretty unworkable position with regard to the timelines. He said this is something that the city should address.

Mr. Avery asked why the finance department could not have produced a preliminary scrub on the figures provided by the individual departments.

Mr. Hamilton said a partial scrub of the budget would cause a certain amount of confusion and they decided it would be easier for this body to understand that the budget coming through was the requested budget from the departments and that it is their starting point as opposed to having a mix and match situation. He said it is easier to understand the state of the budget based on a pass through instead of a partial set of recommendations. The other thing is that they have three months ahead of them and the extent of which they would want to make reductions on the expenditure side are driven, in large, by what their revenue sources look like. He said gaining a better handle on both the revenues and the revaluation ends up being one of the drivers on how deeply they might want to make some of the cuts on the expenditure side.

Mr. Avery referred to the Mayor's comments about the re-organization of the DPW and asked if that modification was included in the packet.

Mr. Hamilton replied that it was as it was a request coming from the director of the DPW, so to be consistent they thought it belonged in there.

Mr. Avery said he had the recollection that the department heads were tasked to come up with a budget that would reflect a flat condition, even a negative condition. He asked if any of the departments produced such a projection.

Mr. Hamilton said the departments were tasked to come up with a budget that they deemed to be a current services budget. He said they had also asked the departments to be prepared to discuss how a 0% option and how a 2% cut would effect their budget. He said they had discussions about some of those thing, however most of them failed to get down to those sorts of numbers.

Mr. Avery asked if that information existed on paper. Mr. Hamilton replied not in any organized fashion.

Mr. Avery asked when they go into these meetings with the departments it would be useful to have that information on paper so they know what a 0% would mean.

Mr. Hamilton said that some departments have done this and others have gone further down that road, however they were discussions and hand written notes. He would however go back to the departments and ask them to formalize that.

Mr. Farstrup noted that that was an excellent idea.

Mr. Davidson asked if it was the expectation to ask the Common Council for a placeholder cap or to set a true cap.

Mr. Hamilton said in his opinion they would ask for a placeholder cap.

Mr. Avery said he agreed with Mr. Davidson in that it is easier for them if they can concentrate their energies on the parts of the budget that the administration thinks can't be cut any further. When they get a budget that isn't in that state they can spend a lot of time preparing to talk about cuts when the finance director has already discussed with the Mayor and the department heads and has already determined where the cuts will be made. Mr. Avery said for Mr. Hamilton to say with confidence that this budget is going to be less than submitted, he must already have in his mind some inkling of where some of the cuts will come from. Mr. Avery said as soon as that information is distilled between the finance director, the Mayor and the department heads it would be useful if they could get that information.

Mr. Hamilton said he appreciated the comments and at the same time it was important to keep in mind that the comments of the Mayor that this is the same process as the ones used during the last two years that resulted in expenditure and tax increases that were lower than any other municipality.

Mr. Farstrup thanked Mr. Hamilton and referred to the regular agenda.

APPROVAL OF THE MINUTES

** MR. AVERY MOVED APPROVAL OF THE MINUTES OF DECEMBER 1, 2003 AS AMENDED.

The following corrections were made to the minutes of December 1, 2003.

Page four, in the body of the motion, in the first line correct the spelling of AND.

Page nine, the first second line should read with regard to the substantial fund balances in several specific revenue accounts.

Page ten, place a period after the word year and start the next sentence with the following. He also requested that at the next meeting executive session be scheduled to discuss contingency accounts and reserve for encumbrances.

** MOTION PASSED FIVE VOTES IN FAVOR, ONE ABSTENTION (MR. BUZZEE).

SPECIAL APPROPRIATIONS AGENDA (SECTION A)

There were no advertised items, no report on special appropriations and no discussion on the justification/back up material.

TRANSFER AGENDA (SECTION B)

There was no transfer agenda this evening.

OTHER BUSINESS (SECTION C)

Mr. Farstrup noted that there is back up material included in the packet for the following resolutions.

** MR. AVERY MOVED: RESOLUTION, APPROPRIATING \$26,315,808 FOR THE BRIEN MCMAHON HIGH SCHOOL PROJECT FOR THE BOARD OF EDUCATION.

Mr. Davidson confirmed that the amount of the appropriation is equivalent to the 34% of state aid; he asked if that was firm.

Mr. Farstrup said this represented an approved expenditure for the project. Mr. Hamilton agreed.

** MOTION PASSED UNANIMOUSLY.

Mr. Davidson said he had a question relating to resolutions two, three, four and five. As Mr. Hamilton pointed out in his note there is no provision in the City Charter for capital transfer. He said he believed that is designed to avoid capital transfers. He urged that they not approve capital transfers and if they have any capital monies available that are unused then they be returned to the city. Also that a special resolution for a special appropriation for Brookside come before this body giving great details for the increase with specific reference for who is responsible. He said he would not approve any capital transfers.

Mr. Hamilton said that this request is for a special appropriation that does stand on its own. He said there are several projects being closed out and the money will be returned to the city.

Mr. Davidson said if that is the case, they should approve resolutions three, four and five and ask for resolution number two to come before this body with great specifics about how it was caused etc.

Mr. Farstrup said he had no problem with that action.

The second resolution on the agenda: RESOLUTION, Appropriating \$688,230 for the Brookside Capital Project for the Board of Education was not acted upon.

** MR. DAVIDSON MOVED THE FOLLOWING THREE RESOLUTIONS:

RESOLUTION, AUTHORIZING THE REDUCTION OF \$47,509 OF CAPITAL BUDGET APPROPRIATION FOR WEST ROCKS CODE.

RESOLUTION, AUTHORIZING THE REDUCTION OF \$35,864 OF CAPITAL BUDGET APPROPRIATION FOR WEST ROCKS ROOFING.

RESOLUTION, AUTHORIZING THE REDUCTION OF \$254, 857 OF CAPITAL BUDGET APPROPRIATION FOR WEST ROCKS CODE/ROOF.

** MOTION PASSED UNANIMOUSLY.

Mr. Davidson asked for details on resolution number two when it comes before this body again and since there are over-runs who is responsible.

Mr. Farstrup asked if this could be made a formal request and that a member from the Board of Education be available to answer any questions.

ADDITIONAL INFORMATION (SECTION D)

Oak Hills Park Financial Status – November 2003

Mr. Avery stated that he served as legal counsel for Oak Hill Park so he would not be participating in any discussion.

Mr. Farstrup indicated that Mr. Grillo was present to answer any questions.

Mr. Davidson referred to the reserve from contingency in that the cash amount is different from the reserve on the balance sheet. He asked what the difference is since the audit report specifically states that the severance fund is only to be used in emergencies. He asked Mr. Grillo to identify the \$106,000 (approximately).

Mr. Grillo stated that the reserve is the accumulation of monthly transfers. He said they have had some emergencies, for example last year when they had poor weather and they had to dip into the contingency for some cash to keep the cash flow going. Another example might be if they had a disease on the green and they had to buy some chemicals. He said all discussions go through the Board.

Mr. Davidson asked for a report of all the major items (over \$5,000) to be sent to them that represent the emergencies. Secondly, he referred to the change in returned earnings, he said there were several reports after the end of the fiscal year and as of August 31 they indicated a negative balance of \$114,000 and that now the figure is negative \$16,000. He said there is an adjustment of just under \$100,000. After the close of the fiscal year, Mr. Davidson asked what those adjustments were and what would cause such a significant change.

Mr. Grillo said when they were looking through the system they had paid to the city a check for 2001 got into the system and they picked it up some two month later.

Mr. Davidson asked whether that this was simply a clerical error. Mr. Grillo concurred.

Mr. Davidson noted that Oak Hills had budgeted a deficit for the first time of \$92,000; he asked if that was caused by their decision to set up the reserves in the form of the restaurant etc.

Mr. Grillo stated that what had happened was they put that \$92,000 into two places in the budget and it was a mistake and they have now taken it out.

Mr. Davidson asked if Oak Hills was budgeted to break even or for a loss. Mr. Grillo replied that it was for a break even.

Mr. Davidson asked if they could receive a revised budget. He then referred to some revenue shortfalls saying that initially where they were holding expenses down, for the last two months the expenses have over-run. He asked Mr. Grillo if he wished to make any comments regarding the statement.

Mr. Grillo said they look at the budget very carefully but said he would get back to Mr. Davidson with regard to the over-runs.

Solid Waste Expenditures & Revenues

Mr. Farstrup noted that they do now have the information requested.

Mr. Hamilton referred to the spreadsheet explaining that this is all of the activity that goes through the transfer station including all revenues and expenditures. He went through each column on the spreadsheet.

There was some brief discussion on the numbers included in the spreadsheet.

Mr. Hamilton also gave details on the contract they have with Bridgeport noting that it is a thirty year contract. He also noted that this contract expires in December 2008 and they are now considering the best option to take.

Mr. Davidson asked if recycling is included in these numbers. Mr. Hamilton stated that recycling is separate.

Mr. Davidson suggested that this be added to the agenda for May or June, when the budget is out of the way, for further discussion of the contract termination.

Financial Reports

Mr. Farstrup commented that the Mayor has reconvened both the fire and police overtime committees.

Mr. Davidson asked who is on that committee. Mr. Farstrup said he was, the Mayor, Mr. Hamilton, both chiefs and the personnel director.

Year-to-date Capital Budget Report (FY 2004)

Mr. Davidson said with regard to projecting for fiscal years 2000 and 2001, he referred to several projects on pages six and seven within the DPW. He said these projects are many fiscal years old and wondered why there is so much money remaining in them and why if they are not being dealt with, how do they stay on top of them and get the money back into the general fund.

Mr. Hamilton said if the projects are complete there is a process to close out projects and the money goes back to the fund balance of the capital project fund.

Mr. Davidson asked Mr. Hamilton to look at four examples that he had quoted.

Mr. Davidson asked if the project is closed out with a remaining balance, where does that remaining balance go. Mr. Hamilton said to the capital funding balance.

Salary Accounts

Mr. Davidson said in looking at the DPW overtime budget, he suspected they are having other problems and urged the finance department to take a look at it.

Police Overtime

Mr. Davidson referred to the revised schedule asking if they are going to offset the overtime excess on at least four of the departments by a favorable salary figure.

Mr. Hamilton said they are expecting a favorable return on the regular wages of \$211,000 and a shortfall in the overtime of \$219,000, so they will come pretty close to covering one another.

Mr. Davidson said he wished to raise a red flag regarding department 22 which he assumed were field operations; he said you saw a \$262,000 negative last month, there is now \$152,000 positive and the explanation is the same. Mr. Hamilton said he would look into this, as he did not have the revised budget with him.

Board of Education

Mr. Davidson asked if there was any reason for them to be concerned about the Board of Education budget at this point, noting that fringe benefits is over 50%. He said unless they hear that there is a potential problem then they should assume all is well.

Mr. Hamilton said he has not heard of any problems from them, however he had not done an independent analysis of the Board of Education. He said he would send a memo to Mr. Opdahl to request confirmation that they are on budget.

Mr. Hamilton distributed two memos; the first dated December 9, 2003 about the contracts, giving the union groups etc. The other memo provides more detail on the arbitration and according to state law the negotiations have to begin two hundred and ten days prior to budget submission. The timeline for the teacher's contract would mean they would have to begin negotiations in May of this year. He said the Board of Education also has to discuss upcoming negotiations no later than April 23, 2004.

Mr. Farstrup noted that there is supposed to be a representative from this body present during those negotiations. Mr. Hamilton confirmed this.

Mr. Avery said if a member from this board sits in, are they prohibited from discussing what they witness or are the negotiations confidential.

Mr. Hamilton said if they are sitting in they would be obligated by the ground rules of the discussion.

Mr. Avery asked if the negotiations are required to be confidential. Mr. Hamilton said typically, yes.

Mr. Avery said with regard to Mr. Davidson's comments during the last round of negotiations he made the following point. If the entire negotiations are done in confidence and then the agreement is announced, the union votes on it, then the city votes on it and if the negotiating team has the sense of its own legislative body, then it's going to be passed. So, effectively, the fiscal watchdog has no control and that is what is interesting about this process. He said it would be a good idea if they could convince the various parties that somebody on this body should sit in and, if it's legally permitted, to tell this group about it in executive session.

Mr. Farstrup said they need to get this scheduled before April 23, 2003.

Mr. Avery left the meeting.

Mr. Davidson said during the last meeting they had discussed the city revenue funds and they were going to look into whether they had any problems. Mr. Hamilton said he did not have a chance. Mr. Davidson said there was no urgency however they should not lose sight of it and suggested this be added to next month's agenda.

Mr. Davidson asked Mr. Farstrup to bring them up to date on the Gilbane report.

Mr. Farstrup reported that Gilbane are about a month into the process so they have been meeting with the State, the Board of Education and the architects. They have begun the

process of the physical walk through. It is clear they are making process but there is still a way to go.

Regarding the audit of the fiscal year 2003, Mr. Davidson asked if there any major changes with reference to the fund balance. Mr. Hamilton said the audit was only recently received and the committee is due to meet soon.

Mr. Davidson said in the current fiscal year the last report was November 10, 2003, he asked if there were any significant changes in the last two months that they should concern themselves with.

Mr. Hamilton said the Ms. Twomey's staff is updating that report. As far as he was aware there were no major concerns.

Executive Session

There was some discussion about issues for executive session. It was concluded that they would postpone it, as the relevant members of staff were not present.

** MR. DAVIDSON MOVED TO ADJOURN THE REGULAR MEETING OF THE BOARD OF ESTIMATE AND TAXATION AND MOVED TO RECESS THE BUDGET MEETING OF THE BOARD OF ESTIMATE AND TAXATION.

** MOTION PASSED UNANIMOUSLY.

The meeting was adjourned at 9:25 pm.

Respectfully submitted,

Kate Kye

Telesco Secretarial Services

