

BOARD OF ESTIMATE & TAXATION MEETING ACTIONS

**MAY 3, 2004
REGULAR MEETING**

CALL TO ORDER

PRESENT: Mayor Alex Knopp Randall G. Avery
Gregory Burnett (7:45) Ron Coley
David Davidson

Also Present were: Louis Ciccarello, Corporate Counsel; Pam Stark, City Clerk; Ann Twomey, Director of Management and Budgets; Scott Binger, Assistant Director of Management and Budgets; Tom Hamilton, Director of Finance.

Mayor Knopp called the meeting to order at 7:40pm.

Mayor Knopp read a message from the former chairman that stated he had to resign from his position due to the fact that he moved out of Norwalk.

Mr. Burnett arrived at 7:45

APPROVAL OF MINUTES- MARCH 17, 2004

** MR. DAVIDSON MOVED TO APPROVE THE MINUTES OF MARCH 17, 2004.
** THE MOTION PASSED UNANIMOUSLY.

APPROVAL OF MINUTES- MARCH 29, 2004

The following changes where made:

Page 1- Under the approval of minutes for March 1, at the end of the first line, it should read-For example nine...

Page 4- Fourth paragraph instead of the Board of Education it should be the Board of Estimate.

Eighth paragraph the second sentence should be- He stated that he fully supports the overall....

** MR. AVERY MOVED TO ACCEPT THE MINUTES OF MARCH 29 AS CORRECTED.
** THE MOTION PASSED UNANIMOUSLY.

APPROVAL OF MINUTES- APRIL 2, 2004

** MAYOR KNOPP MOVED TO TABLE THESE MINUTES DUE TO THE FACT THAT HE HADN'T REVIEWED THEM.
** THE MOTION PASSED UNANIMOUSLY.

SPECIAL APPROPRIATIONS

List of advertised items

Item 1

RESOLVED, THAT A SUM NOT TO EXCEED \$150,000 BE AND THE SAME IS HEREBY TRANSFERRED FROM CONTINGENCY TO THE LAW DEPARTMENT TO COVER EXPENSES ASSOCIATED WITH OUTSIDE COUNSEL FEES RELATED TO ONGOING LEGAL MATTERS. (ACCOUNT NO. 01-0300-5258.)

Mr. Davidson wanted to know why back in December 2003 they only needed \$106,000 and now they need an additional \$150,000. Mr. Hamilton stated that in December they thought that amount of money would be able to cover their expenses, however it is not. Mr. Davidson was still unhappy with the fact that they had spent \$70,000 and now need to raise an additional \$150,000. Discussion indicated that the cost of the Phase I appeal was approaching \$200,000.

** MR. COLEY MOVED TO APPROVE THE RESOLUTION.
** THE MOTION PASSED UNANIMOUSLY.

Item 2

RESOLVED, THAT A SUM NOT EXCEED \$50,000 BE AND THE SAME IS HEREBY TRANSFERRED FROM CONTINGENCY TO THE PERSONNEL AND LABOR RELATIONS DEPARTMENT TO COVER FEES ASSOCIATED WITH SERVICES PROVIDED BY SHIPMAN AND GOODWIN, LLP, AS WELL AS ARBITRATORS FEES IN THE TWO PENDING ARBITRATION CASES. (ACCOUNT NO. 01-0700-5258)

** MR. COLEY MOVED TO APPROVE THE RESOLUTION.
** THE MOTION PASSED UNANIMOUSLY.

Item 3

RESOLVED, THAT A SUM NOT TO EXCEED \$22,000 BE AND THE SAME IS HEREBY TRANSFERRED FROM CONTINGENCY TO THE FIRE DEPARTMENT

TO PAY FOR AN EXPECTED SHORTFALL IN THE HEATING FUEL ACCOUNT.
(ACCOUNT NO. 01-3153-5246)

Ms. Twomey said that the original fund was for \$12,000, however due to new bills the fund needs to be raised another \$10,000.

Mr. Hamilton pointed out that although there are a number of appropriations this evening the city is still within its contingency budget.

Fire Chief Anderson said that he thinks the \$22,000 still will not be enough money to cover all of his bills.

Many of the Board members thought this item should be tabled.

Mr. Hamilton stated he had no problem tabling this item.

** MR. BURNETT MOVED TO TABLE THIS RESOLUTION.

** THE MOTION PASSED UNANIMOUSLY.

Item 4

RESOLVED, THAT A SUM NOT TO EXCEED \$6,602.43 BE AND THE SAME IS HEREBY TRANSFERRED FROM INCREASED ESTIMATED REVENUES TO THE POLICE DEPARTMENT TO REIMBURSE OVERTIME COSTS FOR OFFICERS WORKING WITH THE ORGANIZED DRUG ENFORCEMENT TASK FORCE.
(ACCOUNT NO. 01-3028-5120).

Mr. Hamilton recommended withdrawing this item because it does not need the board to take any action.

Mayor Knopp stated the item had been withdrawn.

Item 5

RESOLVED, THAT A SUM NOT TO EXCEED \$375,000 BE AND THE SAME IS HEREBY TRANSFERRED FROM CONTINGENCY TO THE POLICE DEPARTMENT TO PAY FOR AN EXPECTED SHORTFALL IN REGULAR WAGE AND OVERTIME ACCOUNTS DUE TO SEVERANCE PAYMENTS. (ACCOUNT NO. VARIOUS).

Police Chief Rilling stated that the main reason the police department is in need of this money is due to the fact that they are 19 police officers short. Because of this overtime has skyrocketed. He also stated that the testing agency that was used to hire new officers is now out of business.

Mr. Davidson asked if, barring the excess absences, the department would not be having overtime problems.

The Police Chief Rilling responded due to the many variables he is unable to give an answer either way. He also said that he personally takes his job to stay within budget very seriously, however keeping the streets safe is more important.

Mr. Coley asked if they are in the process of hiring new officers and how many positions they are trying to fill.

The Police Chief stated the city funds them to pay 173 officers. Currently there are 160 on the force so they are trying to hire 13 officers. One of the major problems is all new officers need to go through a 8-10 week field training program. At this time there are only four spaces available in the upcoming training program so they are trying to hire officers from other forces looking to transfer.

** MR. BURNETT MOVED TO APPROVE THE RESOLUTION.

** THE MOTION PASSED WITH ONE ABSTENTION (MR. DAVIDSON).

Item 6

RESOLVED, THAT A SUM NOT TO EXCEED \$51,584 BE AND THE SAME BE IS HEREBY TRANSFERRED FROM CONTINGENCY TO THE BUILDING MANAGEMENT DEPARTMENT TO COVER THE ADDITIONAL COST OF GAS HEAT FOR SEVERAL CITY FACILITIES. (ACCOUNT NO. 01-492905244).

Mr. Davidson asked what the gas is used for. Mr. Michael Sgobbo said it is used for heat. Due to the severe winter, both boilers in City Hall had to be turned on for approximately 3 weeks. In addition they had to turn all heaters on to heat the concert hall to keep pipes from freezing. The building management department therefore falls short on money due to both the increase in gas prices and the usage of heat this past winter.

** MR. AVERY MOVED TO APPROVE THE RESOLUTION.

** THE MOTION PASSED UNANIMOUSLY.

Item 7

FY 2004-05

\$2,500,000 FROM CONTINGENCY TO THE BOARD OF EDUCATION TO FUND EMPLOYEE HEALTH BENEFIT EXPENSES FOR FY 2004-05. (ACCOUNT NO. 157-25110-212).

Mr. Steve May from the Segal Company stated that back in January 2004, we met with the Board of Education, myself and Tom Hamilton (and I believe that Fred Gildea was also present) to discuss the opportunities to save money, what might happen if the City and Board of Education come together for health insurance benefits, would there be a cognizant scale of savings. In February, we obtained proposals from Cigna and Anthem identifying the savings if one or the other were to change plans, if both entities were to

come together. Myself and Bob Lindberg, the consultant for the Board of Education, have spent many hours together in his office, in my office going over the numbers. The \$3.5 million, that's on the table. In the April 29th memo, it is actually \$3,490,000. The savings are derived from \$1.5 million in Claim Cost, \$1 million in margin estimate, (margin is a dollar amount that is put in to the projection from Cigna to account for any claim fluctuations during the year and they refer to that as a margin). Also \$915,000 for Stop Loss Insurance which currently the Board of Education purchases to protect against large claims. Bob Lindberg and I again have spent hours together going over the numbers on which that estimate is based. We had a meeting in Mr. Lindberg's office where I made him aware of the budget projections for the City and the cost and we went through the proposals and identified the City portion of the cost and he also identified for us the portion for the Board of Education. The spreadsheets that I had provided to Tom Hamilton were given to Mr. Lindberg and approved by Mr. Lindberg also. What we also had to decipher in this was in the request for a change or the looking at a change to any of the programs was would there be a change in benefits? The City recently made the change to one of Cigna's new open access products, there's not a substantive change in benefits nor would there be in this case. The intent is to duplicate the benefits going forward for any change in policy that was going to be on the table.

Mr. Bob Pernicka from the Segal Company stated the savings are generated from the additional discounts that are available from Cigna's new network and Steve has said the network size is about 98% of the existing network. So it's a slight differential of number of doctors and hospitals nationally from that network. The fairly insignificant varying networks from one insurance carrier to another have never been matched 100%. It's easier in this case where two similar products. The savings is really generated not from a benefit change but from a difference in provider discount and management.

Steve May stated and administrative savings through being self-insured. The fees on a self-insured basis are a little more aggressive than what the Board has now on minimum premium contract. Self-insured would be administrative. Cigna would adjudicate the plan or the 3rd party administrator Cigna or Anthem would adjudicate the plan of benefits that you provide on a minimum premium basis like the town has now. There's an aspect of insurance that includes some taxation and expenses are a little bit more to administer the program.

Bob Pernicka The only issue that can be argued is the Margins. Should there be margins on a self-insured basis? The answer is probably yes. That under those circumstances, can anybody project with certainty what claims would be here in a year in which would be self insured basis, therefore be there a Margin for insurance carrier or a Margin held as a contingency which are typically under self insured programs. Maybe equivalent or slightly less.

Steve May stated that he would also say that in the assessment of savings that we have, it is identified clearly that Stop Loss Insurance is included while, the Board of Education currently purchases it. Two (2) years ago they had significant hits for large claims in the projection from Cigna. The identified \$430,000 in claims were protected, so the City

didn't have to pay because they were paying premiums for Stop Loss Margin is the only thing, Stop Loss is a legitimate issue too because we know the Board has some ongoing large claims available. That comes in the discussion of what the City's fund is right now and how the City has money that might be able to take on the brunt of those large claims.

Bob Pernicka said he believes Tom's memo indicated that they should back out so if there was a duplication of Stop Loss the savings moves from about \$3.4 million to \$2.5 million

Tom Hamilton said that was where the \$2.5 million came from. We took your \$3,490,000 and added back the Stop Loss. If the Board of Education were consolidated with the City, it would allow us to consider a potentially less expensive Stop Loss option. Mayor Knopp asked if there was anything else he wanted to add? We'll open for questions. I just want to confirm that I think two issues have been in dispute. One, that you arrived at these savings figures in part through consultation with the Board of Education's health insurance consultant

Steve May answered absolutely

Mayor Knopp continued and second that none of the calculations of savings involve any deliberate significant or otherwise returnable reduction benefits to the teachers.

Steve May answered no change, yes

Mayor Knopp thanked him

Mr. David Davidson stated just to put a timeframe on this discussion, I heard this exact discussion in December of 2002. So with all due respect, I would repeat what I've said at every meeting we've had with the Board of Education and otherwise since then that this issue has been on the table since December 2002 so I think the degree of urgency which this Board has requested the Board of Education to pursue on this subject is appropriate.

Mayor Knopp asked if anyone had any questions for these gentlemen? All right well thank you very much for coming and explaining the background of these figures. Appreciate that.

Steve May thanked him for his time.

Mayor Knopp stated he thinks the Board is interested in some update if that were possible to get from other members of the Board or Dr. Corda's office about whether or not there's any either present or future intentions to address this issue that you might want to bring to the Board's attention. We could discuss that in Executive Session if that were useful.

Dr. Corda stated that the position of the Board Mr. Mayor at the advise of counsel is that the action of the Board of Estimate took is not an appropriate action and based on the

pending state law cases as well, the \$2.5 million be removed from the Board of Education's budget and be placed in contingency fund should be restored to the Board of Education's budget in terms of the issue of insurance, even that doesn't really make any sense, I'm just commenting on that. As far as any discussions, we've been having with the Teachers' Association which we have said before we have been in discussion with them for some time, those discussions are continuing and this is all we can provide at this time.

Tom Hamilton stated while we have the Superintendent here, a point of information I know that this Board, in fact the Board of Education is required to meet and confer with the Board of Estimate and Taxation concerning upcoming teacher negotiations and I had a discussion with the Superintendent about that fact last month we provided a letter that the Superintendent's legal counsel had provided to us the dates between which that discussion must occur under State Law is between, I don't have it in front of me, but I believe it is between May 6th or 7th and June 4th and your next meeting, regularly scheduled meeting, is June 6th which would of course place your regular meeting outside of the timeframe provided in State Law for that discussion. So perhaps it might be appropriate with the Superintendent here to try to arrange to set a tentative meeting date for that required discussion to occur.

Mayor Knopp stated I don't have my calendar with me so I think what we could do, I think what we need tonight is to get sort of a general consensus that we need to have a special meeting of the Board of Estimate to meet with, I'm not sure what the Statute provides, Dr. Corda or Chairman of the Board of Education or who the figure is to have the discussion about the upcoming negotiations for the new contract and I think we should have the Finance Department consult about the best possible date. If that's all right? Just to follow up on something Dr. Corda said in terms of his advice for legal counsel. I was having a discussion the other day with a member of the Board of Education and there seems to be some confusion about this question. A number of the legal cases involving the issue about line out of control from the Finance Board or Board of Estimate and the Board of Education concerned Board of Finance or Board of Estimates that appropriated money to the Board of Education and then attempted to withhold it. Tom can I just ask you is the \$2.5 million we have been discussing now considered to be part of the appropriations made by this Board to the Board of Education?

Tom Hamilton answered no

Mayor Knopp thanked him. Is there any further discussion of this item? Mr. Davidson

Mr. Davidson stated, I move that the item on the agenda be tabled to the next regular or special meeting

Mayor Knopp: stated the motion would be to table this item to the next regular or special meeting of the Board of Estimate and Taxation. Any further discussion about the time of

tabling? Not. All in Favor please say Aye, any opposed?, any abstentions? Motion passes unanimously.

**** MR. DAVIDSON MOVED TO TABLE THIS ISSUE TO THE NEXT REGULAR MEETING OR THE NEXT SPECIAL MEETING.**

**** THE MOTION PASSED UNANIMOUSLY.**

TRANSFER AGENDA

**** MR. DAVIDSON MOVED TO APPROVE ALL THE ITEMS LISTED BELOW.**

Tax Assessor:

From To Amount

01-1321-5120 (Overtime Wages) 01-1320-3120 (Overtime Wages) \$15,000

01-1321-5790 (Other) 01-1320-5140 (Part Time) \$30,000

01-4030-52258 (Other Prof. Services) 01-4030-5741 (IT Hardware) \$13,000

01-4054-5331 (Auto Fuel & Fluids) 01-4053-5266 (Buildings) \$12,000

**** THE MOTION PASSED UNANIMOUSLY.**

OTHER BUSINESS

RESOLUTION, AUTHORIZING \$5,632,232 GENERAL OBLIGATION BONDS OF THE CITY TO MEET APPROPRIATIONS IN THE 2004-05 CAPITAL BUDGET AND THE MAKING OF TEMPORARY BORROWING IN ANTICIPATION OF THE RECEIPT OF THE PROCEEDS THEREOF.

Mr. Davidson requested that some of the capital budget needs be taken from excess capital fund, which is approaching 5 million.

Mr. Hamilton said that he recommended putting this money aside. It is best to have a surplus due to the fact the city is exposed to unexpected events such as natural disaster. These kind of events would need immediate money that would come from this fund.

**** MR. COLEY MOVED TO APPROVE THE RESOLUTION.**

**** THE MOTION PASSED WITH ONE OPPOSED. (MR. DAVIDSON).**

APPROVED PARKING AUTHORITY BUDGET FOR FY 2004-05

Mr. Hamilton said in past years the parking authority would lose money. This year they plan to break even.

Mr. Davidson said you can't compare 2003-04 to 2004-05, so he wondered where these assumptions came from.

Mr. Hamilton responded that they came from private contractors assumptions combined with the city's assumption.

**** MR. DAVIDSON MOVED TO APPROVE THE PARKING AUTHORITY BUDGET.**

**** THE MOTION PASSED UNANIMOUSLY.**

APPROVE WPCA BUDGET FOR FY 2004-05

**** MR. DAVIDSON MOVED TO APPROVE THE WPCA BUDGET.**

**** THE MOTION PASSED UNANIMOUSLY.**

ADDITIONAL INFORMATION

OAK HILLS PARK FINANCIAL STATUS- MARCH 2004

Mr. Hamilton stated that Oak Hills had been using some of their emergency money. Mr. Davidson wanted to know what the money was being used for. He stated things like a bad winter are not emergencies and should not have been paid for from this fund.

CRRA CONTRACT

Mr. Hamilton said that the contract expires on December 31, 2008.

Mr. Davidson asked if the city is meeting the 400,000 ton agreement or if the city paying the fine. Mr. Hamilton said along with many other cities they are paying the fine for not producing enough tonnage.

PARKS AND RECREATION SECURITY FOLLOW-UP QUESTIONS

Mr. Hamilton read a letter from Ms. Sara LeTourneau that stated there is no language in the police union contract that addresses the use of police officers as security at city parks. It is her understanding that while Norwalk police officers have performed work in the parks for quite sometime, the facts and circumstances of their work may have labor implications.

NXEGEN REPORT

Mr. Hamilton said that the projected rate increased for 2004-05 as a result of the City's conservation efforts with Nxegen.

SUMMARY OF SPECIAL APPROPRIATIONS

Ms. Twomey said there is no new news at this time.

FINANCIAL REPORTS

FIRE OVERTIME

Ms. Twomey said there is a slight surplus in this fund so they should break even.

DISPATCH OVERTIME

Ms. Twomey said there is a slight surplus in this fund so they should break even.

POLICE OVERTIME

Mayor Knopp wanted to bring attention to Paul Stevens the police officer who committed suicide. The Mayor wants to approve a pension plan for the Widow Stevens. This plan would not offer life insurance.

FEMA REIMBURSEMENT UPDATE

Ms. Twomey said that the Public Works Department will get over \$100,000 in reimbursement money.

Mr. Hamilton said that the city will end the year with a 1.3 million dollar surplus.

**** MR. DAVIDSON MOVED TO GO INTO AN EXECUTIVE SESSION TO DISCUSS THE BOARD OF EDUCATION HEALTH INSURANCE ISSUE.**

**** THE MOTION PASSED UNANIMOUSLY.**

The board moved into executive session at 10:10pm. and reconvened into Public Session at 11:15 p.m.

**** MR. DAVIDSON MOVED TO ADJOURN.**

**** MOTION PASSED UNANIMOUSLY.**

The meeting was adjourned at 11:15 p.m.

Attest: _____

Pam Stark, City Clerk