

**CITY OF NORWALK  
BOARD OF ESTIMATE AND TAXATION  
February 11, 2019**

ATTENDANCE: Edwin Camacho, Chair; Mayor Harry Rilling;  
James Feigenbaum; Troy Jellerette; Artie Kassimis; James  
Fraye

STAFF: Thomas Hamilton, Board of Education Finance Director; Angela  
Fogel, Director of Management and Budgets; Donna King, City  
Clerk

OTHERS: Greg Burnett; Chairman, Finance Committee; Drew Berndlmaier,  
DPW Senior Engineer; Mark Gartner, Comptroller, Oak Hills Park  
Authority; Bill Waters, Chairman, Oak Hill Park Authority; Bruce  
Kimmel

**CALL TO ORDER**

Chairman Camacho called the meeting to order at 6:30 PM and asked Ms. King to call the roll. Members were in attendance as indicated above, and there was a quorum present.

**1. APPROVAL OF MINUTES OF PREVIOUS MEETINGS**

January 7, 2019- Regular Meeting

\*\* MR. CAMACHO MOVED TO APPROVE THE MINUTES AS AMENDED.  
\*\* MOTION PASSED WITH FOUR (4) VOTES IN FAVOR, AND TWO (2)  
ABSTENTIONS (MR. KASSIMIS AND MR. FRAYER)

On page 2, change "Birny's" to "Birney's"

**2. SPECIAL OPERATING APPROPRIATIONS AGENDA**

Ms. King read the resolutions as follows:

1. Approve the special capital appropriation to Oak Hills Park Authority for the purchase of the restaurant equipment and refurbishment of the restaurant building in the amount of approximately \$83,000.
2. Approve the city to restructure all city loans to Oak Hills Park Authority restructure items zero interest rate retroactive to fiscal year 2017, monthly payments commencing July 1, 2020, monthly loan payments equal to \$2.00 multiplied by the arrogate number of all 9 and 18 rounds of golf purchased per month in the first fiscal year increasing by five cents every fiscal year thereafter, plus an annual payment of 1% audited gross golf revenue. Oak Hills Park Authority shall not be obligated to borrow on its line of credit to make 1% audited gross golf revenue payment.

Ms. Fogel said that the cash flow needs are a result of a reimbursement for the restaurant equipment that has been negotiated from the capital investments.

Mayor Rilling said that he strongly supports this because the Oak Hills Park Authority did put out funding when the restaurant was closing, and there was an auction of items for sale that were necessary to continue to operate the restaurant. They had done a very good job purchasing the equipment and they need the funds to be reimbursed to be able to make payroll.

Mr. Frayer asked for clarification regarding the \$83,000 reimbursement. Mr. Gartner stated that the total amount that was paid for the equipment as well as the refurbishment and other repairs was \$93,227. Mayor Rilling said that the \$83,000 was used from their line of credit to purchase the equipment and now need to reimburse them. Mr. Gartner stated that the \$83,000 will be used to cover payroll and some other small expenses. Mr. Jellerette asked what the status is for the lease of the restaurant. Mr. Waters said that they had come to an agreement last week and now just need to get the approval for the lease. Mr. Jellerette asked if it will be same tenant that was there last season. Mr. Waters said "yes" and he has agreed to a one year license agreement through December 31, 2019. Mr. Jellerette asked if the liquor license approval will have to be done again. Mr. Waters said "no" and that they will retain their liquor license. Mr. Jellerette asked what the amount of the rent will be. Mr. Waters said \$4,000 per month from July until the end of the season and they are in discussions for a longer term lease. Mr. Frayer said that the \$83,000 that is being requested is \$10,000 less than what was paid and asked why the request for reimbursement is not for \$93,000. Mr. Gartner said it was based on the cash flow forecast and what was needed to get through this season. Mr. Waters also said that a lot of the

items that were purchased were small amounts and Mr. Barron had said that he could not appropriate the capital funds because they did not qualify as capital items.

Mr. Jellerette asked when the last principal payment was made on the loan for the debt to the city. Mr. Waters said in September, 2017. Mr. Jellerette asked what the funds for the loan repayment were used for. Mr. Gartner said that they have been on a decline due to declining revenue and declining players due to construction and two years of bad weather so the cash inflows were heavily reduced and outflows were increased. Mr. Waters said it was also used for legal expenses related to the eviction of the previous restaurateur.

Mr. Frayer asked if the resolution number one has gone to the Common Council for approval. Mayor Rilling said “no” neither of the resolutions has gone before the Common Council yet but the leadership of the Common Council, and Mr. Burnett has been involved in these discussions and they have been ongoing for the past several weeks. He said they have crafted something that would allow Oak Hills Park Authority to move forward and not have to come back to the city, while recognizing the fact that allowed the issues creating the current situation and was difficult for them to operate under those conditions.

Mr. Jellerette asked why the repayments don’t start until July 1, 2020. Mr. Burnett said it will allow Oak Hills Park Authority to establish a set of reserves that could be used for any capital improvements or contingency items that may come up. He said that they have done an assessment of all of the work that should be done on the course and the cost of those items are between \$700,000- \$800,000 so building up a reserve to address some of those issues will allow them to make the payment to the city, and address the conditions of the course and not have to draw down on their line of credit. Mr. Frayer asked what happens if the rounds continue to deteriorate. Mr. Gartner said that it would take longer than the amortization chart shows but the funds would still be coming in on a continuous basis. Mr. Frayer asked if that would be a problem. Mr. Burnett said that would not be a preferred approach but if it becomes a serious issue where the number of rounds is constantly decreasing there will need to be adjustments made, but the data that they have looked at so far is projecting that there will be an increase.

**\*\* MR. FRAYER MOVED TO APPROVE THE RESOLUTIONS ONE AN TWO AS READ.**

**\*\* THE MOTION PASSED UNANIMOUSLY.**

### **3. TRANSFER AGENDA**

Ms. Fogel stated that the transfer from contingency that was accounted for in the fiscal year 2018/19 budget was for the reorganization and the total was \$155,000 and because Ms. Casey was hired midyear only \$83,075 of that contingency will be transferred.

**\*\* MAYOR RILLING MOVED TO APPROVE THE ITEM.  
\*\* THE MOTION PASSED UNANIMOUSLY.**

Ms. Fogel said that the Department of Public Works is transferring wages for the Parks and Recreation Supervisor salary. Mr. Camacho asked for further explanation. Ms. Fogel said that she does not have a further explanation but that she will contact the Department of Public Works for further information and report back.

**\*\* MR. KASSIMIS MOVED TO TABLE THE ITEM.  
\*\* THE MOTION PASSED UNANIMOUSLY.**

#### **4. OTHER BUSINESS**

a. Presentation of the FY 2019-20 Recommended Operating Budget

Mayor Rilling thanked Dr. Adamowski, Mr. Hamilton and Ms. Fogel for stepping up and helping with the budget. It is a very challenging time when staff is in place and is even more challenging when there are personnel issues. He said when they began discussing the fiscal year 2019/20 budget he had sent a message to all department heads that he expects the budget to come in flat with only increases in contractually mandated obligations and they have done a good job, and with Mr. Hamilton's sharp knife and working with Ms. Fogel there is a budget that has treated the City of Norwalk fairly with regards to goods and services, but has also been favorable in treating the taxpayers who have to rely on the city's goods and services but also don't want to be overly taxed. He said they have worked together to give the Board of Education a funding level that can allow them to implement the stages of their strategic plan that has shown tremendous results so far. He said that this is a reevaluation year as well and in 2013 we had lost approximately \$1 billion dollars in the grand list level and this year we are seeing it begin to come back. He said they have tried to keep the operating budget as low as possible and to use responsibly the fund balance so they can continue to maintain the AAA bond rating and still give back to the public the money in the fund balance that belongs to the public. Mayor Rilling thanked Mr. Hamilton as well as Ms. Fogel for stepping up to the plate and doing a remarkable job.

Mayor Rilling asked that before an open item is approved for an increase the current budget is approved to keep in mind that a directive was given to all the departments that unless an item was absolutely critical to their operation that they should not come forward with any requests for an increase.

Mr. Hamilton said that he was happy to step in and it is not an ideal situation when the CEO leaves a few weeks before the budget is due. He said that it has been a pleasure working with Ms. Fogel as well as Ms. Lam over the past several weeks.

Mayor Rilling left at 7:15PM.

Ms. Fogel presented the fiscal year 2019-20 recommended operating budget and said built into the 2019-20 recommended budget are several significant changes over prior years that include a reorganization that has changed many departmental line items including new departments as well as staff transfers between departments. The highlighted changes include a newly created Chief of Staff function; creating an Economic and Community Development function; and moving Recreation and Parks to the Operations & Public Works. The revaluation has reduced mill rates and changed the distribution of the tax levy across property types and neighborhoods. In conformance with city fund balance policy, the recommended budget uses \$6.0 million of fund balance to support strategic initiatives and onetime expenses.

Ms. Fogel discussed the fiscal year ending 2019 approved budget versus the fiscal the fiscal year ending 2020 recommended budget and said that the total expenditures are rising by 3.8% over fiscal year ending 2019 which is comprised of 3.0% for city expenditures, 4.2% for the Board of Education and 5.4% for debt service which is in line with the five year capital plan. The net tax revenues grow by 3.6% including a 50% increase in back tax collections from \$2.0 million to \$3.0 million, a 23.8% increase in supplemental autos from \$2.1 million to \$2.6 million and an increase in the collection rate from 98.2% to 98.6%. Mr. Hamilton said this is where the city has historically been extremely conservative in putting revenue assumptions together and now with a \$60 million dollar fund balance it is not necessary to build that level of conservative revenue assumptions into the city's budget every year, so they have looked at the actual history and trends and found it to be reasonable to move up the back tax number and supplemental auto number based on history and to also move up the collection rate based on history. Mr. Camacho asked if the drawn down on the fund balance will jeopardize the ration for the AAA bond rating. Mr. Hamilton said that they have spoken with the city's Financial Advisor and discussed the draw in fund balance and do not believe this will impact the city's credit rating. Mr. Jellerette said that with all the debt the city is taking on with the schools he would rather air on the side of caution because there are many unforeseen things with the economy.

Ms. Fogel said the expense variance is \$13.6 million dollars and the drivers include education at \$8.0 million dollars; debt service at \$1.5 million dollars; economic and community development at \$1.3 million dollars; police department

at \$1.0 million dollars; pension at \$0.9 million dollars and the fire department at \$0.6 million dollars. She said that there are offset savings of \$337,305 from the reorganization for Economic and Community Development for salary transfers from Operations in Public Works to Economic and Community Development. Mr. Hamilton said that since this is a newly created department there are some relatively modest resources that are dedicated to business development in terms of marketing and consulting funds. Ms. Fogel said there is \$75,000 for the business development staff and \$125,000 for marketing and other expenses.

Ms. Fogel said for education it funds a base budget increase of 3.0%; funds a \$2.3 million dollars of one-time Board of Education expenses from fund; recommended education expenditures increase of 4.2% over the fiscal year 2018-19 budget; the Board of Education anticipates they will implement a current year cost reduction carryover of up to 1% as permitted by state law and the final element of the plan includes \$1.8 million of cut to the requested fiscal 2018-20 education budget. Mr. Kimmel said that Dr. Adamowski plans to implement a hiring freeze and pay current employees stipends to cover the work that's needed. He said that they would like to see what we can do to really control spending and see what kind of money they will have at the end of the year.

Ms. Fogel said that the operating charges include and increase of \$1.5 million dollars for debt service, an increase in health insurance expense offset by a decrease in OPEB contribution based on updated valuation and pension obligations are increasing by \$0.9 million dollars based on ADEC provide by the City's actuarial service.

Ms. Fogel said that the non-tax revenue was impacted by a net decrease in intergovernmental revenue of \$365,847; departmental receipts is decreasing by \$262,223 which is primarily related to an expected reduction in park fee revenue from Parks and Recreation; miscellaneous revenue is falling by \$697,374 related to a reduction in park fee revenue from Parks & Recreation; Miscellaneous revenue falling by \$697,374 related to a reduction of \$433,206 in debt service reimbursements from Oak Hills Park Authority and a \$159,426 reduction in IRS tax subsidy and reductions are partially offset by a \$500,000 increase in investment income due to favorable interest rate increases. Mr. Jellerette asked why there is an expected reduction in park revenue fee of \$262,223. Ms. Fogel said that she would contact Parks and Recreation and report back at the next meeting.

Ms. Fogel said that the transfer from fund balance includes non-tax revenue increasing by \$2.3 million dollars primarily related to a \$3.0 million dollar increase in the fund balance transfer. The fiscal year 2019-20 transfer from fund balance is consistent with the city's fund balance policy which allows use for tax

relief. After the proposed fund transfer, the city will have a healthy fund balance that is 13.3% of forecasted revenue. This is appropriately within the policy range of 7.5% to 15% of revenue.

Ms. Fogel concluded by saying this is a balanced plan of operations with the operating budget limited to a 3.8% increase, funds the strategic Board of Education initiatives in a cooperative fashion, and funds the recent city reorganization plan and critical city services and an affordable plan for Norwalk's single family home owners.

Ms. Fogel presented the tax impact of the recommend fiscal year 2019/20 budget and said the recommended tax levy is increasing 3.3%. Mr. Hamilton said that the Fourth Taxing District, comprised of homes that are on the City's sewer system, will see a median decrease in tax bills of \$290. Ms. Fogel presented a chart that showed that a Third Taxing District median tax bill would increase by \$390, the Second Taxing District median would go up \$51 and the First Taxing District would see at decrease of \$146. Mr. Camacho asked if there's an indication that assessments will be reworked, as it looks like the Third Taxing District is out of line. Mr. Hamilton said that there is obviously a process and if the taxpayer or property owner feels that their assessment is wrong, that they have been over assessed or their assessment is not consistent with like-properties, they have a right and should go to the Board of Assessment Appeals. Mr. Hamilton said that he does not think we yet know how many people are going to the Board of Assessment Appeals but the deadline for filing a request for going to the Board of Assessment Appeals is Feb. 20 so it's very soon, and we'll have to get some information certainly in terms of the number of people who are applying to the Board of Assessment Appeals.

- b. RESOLUTION, approving a special capital appropriation in the amount of \$75,000 the Operations & Public Works Dept.

Ms. King read the resolution as follows:

RESOLUTION: approving a special capital appropriation in the amount of \$75,000 to increase the available funds for sidewalks and curbing for the Operations and Public Works Department, account 09194021-5777-CO318, and authorizing the issuance of \$75,000 general obligation bonds of the city to meet said appropriation.

Ms. Fogel said that the project will not increase in the authorized debt balance. Mr. Jellerette asked why this wasn't included in the budget. Mr. Berndlmaier said that the idea of a new sidewalk had come up in a location in Rowayton that's close to what was originally proposed in 2011/12. He said the account has the same amount of money that would be required for this sidewalk and that the sidewalk that was proposed in 2011/12 was never done because the road conditions did not allow for a sidewalk so the project did not move forward and the funds were not spent. He said that the State of Connecticut Department of Traffic has reviewed and pre-approved the proposed plans for a new sidewalk along Wilson Avenue from Covewood Avenue to Highland Avenue.

**\*\* MR. FRAYER MOVED TO APPROVE THE ITEM.  
\*\* THE MOTION PASSED UNANIMOUSLY.**

## **5. ADDITIONAL INFORMATION**

Special Appropriation  
Status of Contingency  
Financial Report

- Oak Hills Financial Status- December 2018
- Year-to-date Capital Budget Report-FY 2018-19
- Year-to-date Operating Expenditure Report- FY 2018-19
- Year-to-date Operating Revenue Report-FY 2018-19
- Year-to-date BOE Operating Expenditure Report-FY 2018-19
- Tax Collector's Narrative- December 2018
- Tax Collector's Report- December 2018

Salary accounts

- Police- FY 2018-19
- Fire-FY 2018-19
- Public Works- FY 2018-19

**ADJOURNMENT**

**\*\* MR. JELLERETTE MOVED TO ADJOURN**

**\*\* MOTION PASSED UNANIMOUSLY**

The meeting adjourned at 8:15 PM

Respectfully submitted,

Dilene Byrd

Telesco Secretarial Services