

**CITY OF NORWALK
BOARD OF ESTIMATE & TAXATION
JANUARY 4, 2010**

ATTENDANCE: Frederich Wilms, Chairman; Mayor Richard Moccia; Michael Kolman; James Feigenbaum; James Clark;

STAFF: Ellen Wink, City Clerk; Thomas Hamilton, Finance Director; Hal Alvord, Department of Public Works

OTHER: Dr. Dan Cook, NPS Interim Finance Director; Dr. William Pappolo, NPS Interim Superintendent, Susan Hamilton, BOE, Bruce Mellion, NFEP Union; Glen Iannacone, BOE; Steven Colarossi, BOE; Dr. Lynn Moore, West Rocks Middle School Principal; Jack Chiaramonte, BOE (7:15 p.m.) Suzanne Koroshetz, Principal Brien McMahan High School (7:20 p.m.),

Call to Order

The meeting was called to order at 7:00 p.m. by the Chairman. Ms. Wink called the roll and announced that the above members were present and there was a quorum.

Joint Meeting with Board of Education Finance Committee

a. Update on City Financial Status

Mr. Hamilton stated that the audited results report is now out and available and contains the details of one of the worst budget years in the City's history. He summarized that due to the recession, the significant fund balance was drawn down from \$37.4 million in 2008 to \$29.5 million in 2009, a \$7.9 million decrease; and a \$3.5 million decrease is planned for 2010 to bring the fund down to \$24.5 million. He added that the City policy is to maintain a median level of other cities at an 8% level of the total budget. In addition, the insurance fund that includes the City and the Board of Education employee benefits and worker's compensation unrestricted fund of \$5.9 million has been reduced to \$1.3 million leaving no further available surplus.

Mr. Wilms asked about declining revenues, and Mr. Hamilton outlined the areas of real estate conveyance tax, interest income, state appropriations, and tax collections that had planned to cover in detail in the next section on the agenda.

Mr. Wilms stated that the Board is looking at a 3% increase from the Board of Education, which under normal years would be acceptable, but they are now faced with having to go back and look at flat budgets. Dr. Pappolo stated that 3.39% after a 1.89% 2009-10 budget year is basically a flat increase, and as he is anticipating the end of his assignment is hoping to have things in order for the new Superintendent.. Mr. Wilms suggested they start the reconciliation process soon to avoid the budget crisis of last year, and Dr. Pappolo responded that it was started one month ago. Mr. Colarossi stated that they have done a department by department analysis of spending and are searching for budget reductions where possible.

Mayor Moccia stated that the Board of Education budget process needs to change to avoid the midnight massacre that occurred last budget season where people were notified the day after a meeting that they no longer had jobs. Mr. Hamilton stated that the Finance Department intends to coordinate with the new Board members to work more closely with the City budget process this year to avoid the difficulties of last year realizing that Education is such a large piece of the budget.

Discussion on Outlook for 2010-11 Fiscal Year City and Board of Education Operating Budgets

Mr. Hamilton explained that in view of the above updated City financial status, basically, last year was the last time the fund balance could be tapped and further adjustments would potentially negatively affect the City's bond rating.

Mr. Hamilton expressed his concern over the impending difficult process, where last year an early retirement package was negotiated to help recover the extreme budget cuts in salaries and programs, along with declining revenues.

He submitted a key revenues historical comparison and stated that the real estate conveyance tax had bottomed out from \$6.5 million if prior years down \$3 million to less than \$2.1 million. The interest income based on the decline in short term interest rates is down to \$1.5 million from prior years of \$5 million per year. He added that money from the State of Connecticut has declined over the years, where in 2008-09 it was \$17.2 million down to \$15.9 million in 2009-10 and further projected declines to \$14.3 million which is a net decrease of \$700,000.

He summarized that it is a very grim picture where the areas of real estate conveyance tax, interest income, state appropriations, and tax collections that will continue to decline with no significant turn around foreseen. Mr. Hamilton stated that the relative to the Board of Education, the Finance Department intends to coordinate with the new Board members to work more closely with the City budget process this year to avoid the difficulties of last year realizing that Education is such a large piece of the budget.

Mr. Hamilton then presented a preliminary view of 2010 Operating Budget with projections of a 9.5% shortfall of \$600,000 and stated this was only a preview of the very difficult upcoming budget process for 2010-11.

Mayor Moccia added that for the first time in his history as Mayor the City is suffering from an unprecedented amount of residential foreclosures, and an anticipated fear of commercial foreclosures. He stated that citizens are unable to pay mortgages, tenants can't pay their rent, and as a result landlords cannot pay their taxes. He emphasized that under these extreme circumstances, a tax increase cannot be proposed. Mayor Moccia stated that he is requesting a zero increase budget from other departments and must insist on the Board of Education to do the same and go back to the unions and administrators to find ways to reduce the budget request. He added that he has asked the Finance Department to look for every dollar, and Mr. Hamilton replied that based on the preliminary budget it represents a 7.8% tax increase, which is way too high for the city to absorb.

Mr. Hamilton stated he would run several budget scenarios with various assumptions and the committee could review them prior to the next meeting.

Approval of Minutes - December 7, 2009 – Regular Meeting

Mr. Clark questioned the Ms. Lyons rather than Mr. Lyons, and Mayor Moccia responded that it was referring to Ms. Doyle Lyons, and should be changed to be consistent throughout the minutes.

**** MR. FEIGENBAUM MOVED TO APPROVE THE MINUTES FROM THE DECEMBER 7, 2009 MEETING AS AMENDED**

**** MOTION PASSED WITH 4 VOTES IN FAVOR AND 1 ABSTENTION (MR. CLARK)**

Special Appropriations Agenda

List of Resolutions Advertised Items/Report on Special Appropriations

Mr. Hamilton presented the summary report of Special Appropriations and there were no questions from the Board members.

.

Transfer Agenda (Section B)

FISCAL YEAR 2009-10:

PUBLIC WORKS DEPT.:

<u>From</u>	<u>To</u>	<u>Amount</u>
01-4029-5298/4042-5299/4021-5241/4179-5241 (Various)	01-4025-5322 (Chem. Lab/Medical Supp.)	\$50,000

Mr. Alvord presented a memo requesting an increase in purchase orders for salt based on an anticipated increase as required for the remainder of the season. He provided a historical review of budget versus actual expenditures for salt over the past five years, and stated the treated salt and rock salt is 136% higher.

Mr. Hamilton stated that the Finance Department will continue to monitor this account and work the Department of Public Works to identify any other areas to transfer money from but it is anticipated that a special appropriation will be required for this account before the end of the year.

**** MR. WILMS MOVED TO APPROVE THE ABOVE-LISTED TRANSFERS
FY 2009-10.**

**** MOTION PASSED UNANIMOUSLY.**

OTHER BUSINESS

5. Other Business (Section C)

Update on Board of Estimate Taxation/Board of Education's Joint Services Study.

Mr. Hamilton stated the key program was the recycling program and Mayor Moccia asked why this has taken so long and has been so difficult to implement. Mr. Alvord stated that it was the need for meeting with the building administrators at the schools on educating custodial staff to show them locations of blue bins and recycling dumpsters. He added that he would be meeting with elementary school principals this week and middle and high school principals next week.

Mr. Hamilton added that one additional information item was a bond refunding program based on parking authority and City bonds, but he would be compiling the details to add to the next meeting agenda for Council approval.

6. Additional Information (Section D)

The following back-up document materials were submitted without comment or questions.

Summary of Special Appropriation – FY 2009-10
Status of Contingency – FY 2009-10
Financial Reports
Year-to-date Capital Budget Report (FY 2009-10)
Year-to-date Operating Budget Report (FY 2009-10)
Board of Education Budget Report (FY 2009-10)
BET/BOE Joint Study Group Minutes – December 3, 2009
Salary Accounts
Fire Overtime
Dispatch Overtime
Police Overtime

**** MAYOR MOCCIA MOVED TO ADJOURN.
** MOTION PASSED UNANIMOUSLY.**

The meeting was adjourned at 8:25 p.m.

Respectfully submitted,

Marilyn Knox
Telesco Secretarial Services