

**CITY OF NORWALK
BOARD OF ESTIMATE & TAXATION
REGULAR MEETING
May 7, 2012**

ATTENDANCE: Fred Wilms, Chair; James Clark; John Federici;
James Fiegenbaum; Leo Mellow; Mayor Richard Moccia

STAFF: Robert Baron, Director of Management and Budgets;
Erin Halsey, City Clerk; Thomas Hamilton, Finance Director

OTHERS: Lisa Biagiarelli, Tax Collector; Bruce Kimmel, Common Council
member; Elio Longo, Chief Operating Officer, Board of
Education; Dr. Susan Marks, Superintendent of Norwalk Public
Schools; Michael Stewart, Tax Assessor

Mr. Wilms called the meeting to order at 7:34 p.m. and Ms. Halsey called the Roll.

APPROVAL OF MINUTES

- April 2, 2012 – Regular Meeting

The following corrections were made to the minutes:

Page 4: 3rd paragraph should read \$724,000

Page 7: last item should read: Mr. Clark moved to approve the appointment

**** MR. CLARK MOVED TO ACCEPT THE MINUTES OF APRIL 2, 2012 AS
CORRECTED
** MOTION PASSED UNANIMOUSLY**

ADDITIONAL INFORMATION (Section D)

**Tax Collector's Report – March, 2012
Tax Collector's Narrative – March, 2012**

Mr. Hamilton reviewed the Tax Collector's report. He stated that Ms. Biagiarelli has been working on the next Tax Sale that is scheduled for July 16th. The Tax Collector has brought in, year to date, over \$2.8 million on properties that were scheduled for sale in the Tax Sale. He said that the Tax Sale is a very effective tax collection technique.

Oak Hills Financial Status – March 2012

Mr. Baron reported that Oak Hills sent updates and presented him with a financial forecast to the end of the year. They hope to be able to justify hiring a \$50,000 year golf pro. He said that this is the wrong time to do this. He said that they recently paid \$50,000 for an emergency sewer repair.

A representative from Oak Hills said that he believes that even with hiring the golf pro, they will end up on budget. He provided reasons for hiring the gold pro and said that running a golf course without this position is insanity. He said that the Authority gave him approval to bring in someone in as an independent contractor with an annual salary of \$50,000 and no benefits. Mr. Baron said that he is very concerned.

Mayor Moccia joined the meeting at 7:46 p.m.

Mr. Baron said that the Oak Hills Authority only forecasted to the end of the year and did not make their debt payment in September. He asked how the Board of Estimate and Taxation can believe anything they are saying if they are not abiding by their rate schedule. He said that the rate schedule was approved by the full Authority and any amendments to that schedule should be incorporated into the new forecast.

Mr. Baron said that they have not shown that they can sustain this expense. He said that it is frustrating for them to continue the same type of behavior that got them into this situation. Mayor Moccia said that he did not agree 100% with Mr. Baron. He said that there were some mistakes made. However, he added that the golf course looks good. They did a lot up there. He said that he was reluctant about their need for a golf pro, but feels that if they can allocate the money within the budget, then they should bring someone in.

Mr. Hamilton said that they are not saying that they shouldn't have a golf pro; the issue is that they do not see how it will work and how they will be able to afford this position. He said that he has not seen the evidence that the analysis is in place.

The representative from Oak Hills said that their assistant superintendent resigned and they are willing to hold off until September to fill that position. Mr. Wilms said that was a concrete counter proposal. He said that he wants to make sure the numbers work and wants to avoid restructuring.

Mr. Federici asked if they had a candidate in mind for the golf pro position. The Oak Hills representative said that he and Mr. Mount interviewed someone. Mr. Baron said that he feels that they have great resources, but they have only forecast for the next two months. In addition they are selling rounds for less than the published rate. Mr. Wilms said that there is an expectation that the Oak Hills Authority will live up to what has been agreed to.

APPROVAL OF FY 2012-13 OPERATING BUDGET & TAX RATES

Mr. Hamilton made opening comments and reviewed the budget. He said that there is one significant adjustment and that is the recommendation to reduce the Board of

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Education operating budget by \$4 million. He said that the Board of Education does not have an extra \$4 million in their budget this year and they are going to have to go to the City of Norwalk for a special appropriation. Mr. Baron explained that the shortfall is from a lack of contribution to the insurance fund. He said that the \$4 million shortfall will be made up on day one of FY13.

Mr. Hamilton said that they are at the Common Council approved cap and there is no room to go higher. Mr. Baron said that there was a new recommendation for the Historical Commission. He took \$75,000 from contingency and distributed it to the Commission according to their anticipated expenses. Mr. Hamilton said that in Youth Services the change reflects the funding of the Juvenile Justice Coordinator position. Mayor Moccia said that there are no net increases in salaries.

Mayor Moccia said that he wanted assurance that this will not happen again. He said that they are going forward with the \$4 million reduction in FY13 and trusts that the public will understand that the well is dry. There are a lot of people who have to come to the realization that there are going to have to be some shared sacrifices. There is no pot of gold at the end of the rainbow.

Mayor Moccia reported that he had received statistics on what Wilton and Norwalk spent on each student during the 2009-2010 year. He said that Norwalk is competitive with suburban towns. He said that Wilton spent \$17,133 or \$15,978 per student and Norwalk spent \$17,124 or \$15,503 per student.

Mr. Wilms said that they kept the tax increase to around 2.8%. He said that he would rather keep it lower, but feels they did a good job and that it is within the Common Council's cap. He said that some of the hot topics of discussion were the Board of Education, Historical Commission with the Norwalk Museum and outsourcing at Public Works.

**** MR. WILMS MOVED TO APPROVE THE FY 2012-13 OPERATING BUDGET & TAX RATES**
**** MOTION PASSED UNANIMOUSLY BY ROLL CALL VOTE WITH SIX (6) VOTES IN FAVOR (MAYOR MOCCIA; MR. WILMS; MR. CLARK; MR. FEDERICI; MR. FIEGENBAUM AND MR. MELLOW) AND NO VOTES IN OPPOSITION**

Mayor Moccia said that Mr. Kolman was unable to attend this evening's meeting due to a medical emergency.

Summary of Special Appropriation – FY 2011-12

Status of Contingency – FY 2011-12

Financial Reports
Year-to-date Capital Budget Report (FY 2011-12)
Year-to-date Operating Budget Report (FY 2011-12)
Board of Education Budget Report (FY 2011-12)
Salary Accounts
Fire Overtime
Dispatch Overtime
Police Overtime

SPECIAL APPROPRIATIONS AGENDA (Section A)

List of Resolutions
Advertised Items - 1
Report on Special Appropriations
Justification/Back-up material

TRANSFER AGENDA (Section B)

Mr. Hamilton reviewed the item. He explained that they went through the RFP process and an extensive vetting process. He recommended going with Vision Government Solutions. He said that they came in with attractive pricing. This item is going to go before the Finance Claims Committee on Thursday.

Mr. Stewart explained that this revaluation allows Norwalk to join other Connecticut cities that are clients of Vision Government Solutions. He said that they also have New York City as a client. Mayor Moccia asked how many of their 125 people will be assigned to Norwalk. Mr. Stewart said that they had a preliminary projection of 11 people assigned to the project.

Mr. Wilms said that he was a part of the second round of interviews and said that he scored them the highest. He said that he was concerned about community outreach and felt that they had the best approach. He added that he was impressed by their roster of clients.

Mr. Clark said that there was a lot of push back from residents in his neighborhood last time. He said that he hopes there is transparency in the process. He said that he would like assurance that there will be transparency and they no one will be given the run around regarding the properties to be evaluated. Mr. Stewart said that they are bringing in a stronger team and will try not to duplicate the misunderstandings and lack of transparency from the last revaluation.

Mr. Clark said that when it comes time for people to appeal their revaluation, it should be done by the book.

**** MAYOR MOCCIA RESOLVED THAT A SUM NOT TO EXCEED
\$1,100,000 BE AND THE SAME IS HEREBY TRANSFERRED FROM**

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**GENERAL FUND BALANCE TO THE TAX ASSESSOR DEPARTMENT
TO COVER 2013 PROPERTY REVALUATION (ACCOUNT NO.: 01-1321-
5258)**

**** MOTION PASSED UNANIMOUSLY**

OTHER BUSINESS (Section C)

**** MR. WILMS MOVED TO APPROVE THE RESOLUTION, MAKING
APPROPRIATIONS FOR VARIOUS PUBLIC IMPROVEMENTS
AGGREGATING \$20,823,000 FOR THE FY 2012-13 CAPITAL BUDGET
AND AUTHORIZING THE ISSUANCE OF \$19,742,000 GENERAL
OBLIGATION BONDS OF THE CITY TO MEET CERTAIN
APPROPRIATIONS IN THE FY 2012-13 CAPITAL BUDGET AND
PENDING THE ISSUANCE THEREOF THE MAKING OF TEMPORARY
BORROWINGS FOR SUCH PURPOSE.**

Mr. Hamilton explained the item and said that this is the annual implementing resolution to implement the FY 2012-013 recently approved capital budget.

**** MOTION PASSED UNANIMOUSLY**

Discussion of Board of Education's projected budget shortfall

Dr. Marks explained that when Mr. Longo was working on this budget, he alerted her and the Board of Education of the concerns he had about the deficit. She said that they are continuing to put processes in place to monitor the budget and they are going to reconcile the 2012-2013 budget. Dr. Marks said that she appreciated the collaboration with the City.

Mr. Longo distributed and discussed a spread sheet that was created by Lindberg & Ripple, Inc. showing the initial budget planning workup.

Mr. Hamilton said that he does not understand why a reduction would be taken. He said that a journal entry process occurs every month and the net amount gets moved over from the Board of Education budget. Mayor Moccia asked why an assumption would be made that the City would pay for Board of Education staff insurance. Mr. Hamilton said that he does not know how anyone arrived at that assumption.

Mr. Wilms acknowledged Mr. Longo uncovering this situation and bringing it to light. Mr. Hamilton said that he feels that this phenomenon happened over a number of years which masked the problem.

Dr. Marks said that she understood there was money in the budget to fund an administrator position. She said that she did not fill that position and instead used that savings to hire additional teachers. Mr. Wilms said that the other \$2 million issue was that roughly 15 positions were slated to be reduced. Dr. Marks said that she did reduce

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some positions. Mr. Wilms explained that the health insurance costs were calculated based on the staff reductions.

Dr. Marks said that it was her understanding that the positions were covered within the budget in terms of their health insurance as well. Mayor Moccia said that someone made assumptions that positions were being eliminated and they weren't. He said that going forward, Mr. Hamilton's recommendations will be important.

Mr. Wilms asked Dr. Marks if she had anything more to say. Dr. Marks said that they will continue to look at the processes and continue to be sure that they are fiscally responsible. She said that she has a lot of faith in Mr. Longo to oversee and manage the budget. She said that they will never not tell the truth. She added that this is a good opportunity to collaborate with the City.

Mr. Hamilton reviewed his memo and said that it has two components. The first addresses the immediate problem and the second part are his recommendations. He said that his biggest concern is with the rating agencies. He said that the City can sustain a \$4 million hit, but the problem with rating agencies is that AAA cities are held to a higher standard. It is the unplanned, last minute hit that is the hardest to explain to the rating agencies along with what is being done to rectify the situation.

Mr. Hamilton said that there is a refunding opportunity that is being pursued that can result in some budget savings. Mr. Wilms said that the rating agencies have not tolerance and that he is very concerned. Mr. Hamilton said that it is going to help that there is a plan in place to eliminate the \$4 million shortfall. Mr. Baron added that the rating agencies want to see concrete examples of how this will never happen again. Mr. Mellow said that they want to be sure this is a one off event.

Mr. Hamilton said that it is necessary for the Board of Education to implement fiscal procedures for the City to exercise more oversight over their budget now. He said that if money is spent that has not been appropriated, that individual who makes that decision can be held personally liable for that expenditure. He said that anyone with the authority to make financial decisions has to follow the system. The Board of Education was unable to answer if they are running on track for salaries.

Mr. Hamilton said that the Board of Education has to get the Novatime time and attendance system implemented. Mr. Baron said that this system will enhance their ability to budget staff costs. Mr. Hamilton suggested that the Board of Education and the City Finance staff conduct a due diligence review of the Board of Education's final adjusted budget. He said that the Board of Education should prepare monthly expense reports for the Board of Estimate and Taxation, and on a quarterly basis prepare a fiscal year end forecast.

Mr. Longo said that he agreed with everything Mr. Hamilton said and that he will adhere to his recommendations. Mr. Wilms said that this is an emergency issue and a crisis. He said that this is an extraordinary problem; the financial system is broken. Mr. Wilms said

that he believes that the only structural change that can bring about a solution is to bring the structural resources to the City as soon as possible. Dr. Marks said that is a discussion for the Board of Education. Mr. Wilms said that the Chairman of the Board of Education was interested in setting up joint meetings.

Mayor Moccia agreed with Mr. Wilms and said that they need to move cautiously. He said that however this goes; he feels they are finally on the road where everyone will be held accountable. He said that they need to re-instill confidence in the parents and tax payers.

Mayor Moccia said that he is tired of hearing that Norwalk's education system is terrible. He said that Norwalk is never compared to other cities, but instead to the surrounding "W" towns.

Mr. Wilms said that going forward; he is not interested in pointing fingers. He said that he wants to take the approach of solving the problem. He said that this is an opportunity to fix it to everyone's satisfaction and have better discussions. Dr. Marks agreed and said that every situation provides an opportunity to move forward and make corrections. She said that she feels she has a good team now and that there should be no finger pointing. They need to understand the problem.

Mr. Wilms said that it is a systemic problem that needs a systemic solution.

Mayor Moccia said that the statewide high school graduation is at 81%; Norwalk is at 92%.

ADJOURNMENT

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

There was no further business and the meeting was unanimously adjourned at 9:50 p.m.

Respectfully submitted,

Rosemarie Lombardi
Telesco Secretarial Services