

# AGENDA

## BOARD OF ESTIMATE & TAXATION

March 24, 2021 – 6:30 p.m.

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## BOARD OF ESTIMATE AND TAXATION PUBLIC HEARING ON THE FY 2021-22 OPERATING BUDGET

The Chair will entertain discussion from the public on the amount proposed for the Fiscal Year 2021-22:

# **PUBLIC HEARING**

## **Board of Estimate & Taxation Proposed Tentative Operating Budget**

# Fiscal Year 2021-22



**MARCH 24, 2021**

## **PROPOSED TENTATIVE BUDGET**

### **I. BOARD OF ESTIMATE AND TAXATION TENTATIVE BUDGET ITEMS**

1. The Board of Estimate and Taxation (BET) will vote on its FY 2021-22 Tentative Operating Budget at its regular meeting on April 5, 2021, 6:30PM.
2. A total of \$1,042,080 is proposed to be reduced from the Finance Department's recommended ***Operating Budget Expenditures***, as follows:
  - A decrease of \$500,000 from Contingency.

- A decrease of \$893 from the Mayor's Office comprised of a \$446 reduction in Memberships and Dues and a \$446 decrease in Business Expense.
- A decrease of \$4,100 from the department of the Chief of Staff including the following reductions: \$2,700 for Printing & Duplicating expenditures; \$300 for Subscription, Tax, Law; \$200 for Wages & Salary Overtime; \$500 for Wages & Salaries Part-time; \$300 for Business Expense; and \$100 for Office Supplies.
- A decrease of \$25,000 from the Human Resources department's Other Professional Services expenditures.
- A decrease of \$7,076 from the Corporation Counsel department's Other Professional Services expenditures.
- A decrease of \$3,388 from Wages & Salary Regular in the Town Clerk's office.
- A decrease of \$4,014 from City Grants including \$867 from the Fair Housing Officer and \$3,137 from the Transit District.
- A decrease from Employee Benefits Employee Tuition Reimbursement of \$95,370.
- A \$2,858 reduction from Salary and Wages Overtime in the Registrar of Voters department.
- A decrease of \$40,685 from the Finance department including reductions in the following: \$5,763 from Management & Budgets Wages & Salary Part-time; \$3,500 from Accounting & Treasury Salary & Wages Overtime; \$3,600 from Cybersecurity department Seminar & Conference Fees; \$18,000 from Information Technology Salary & Wages Temporary; \$4,922 from Tax Collector Wages & Salary Temporary; \$4,900 from Tax Assessor Wages & Salary Part-time.
- A \$125,000 reduction in the Operations & Public Works department's Grounds/Facilities Salary & Wages Regular.
- A \$104,049 reduction in the Community Services department including the following reductions: \$1,000 from Human Relations & Fair Rent Wages & Salary Overtime; \$450 from Human Relations & Fair Rent Longevity; \$350 from Subscription-Tax, Law; \$250 from Human Relations & Fair Rent Advertising; \$1,999 from Youth Services Wages & Salary Overtime; \$100,000 from Library Wages & Salary Part-time.
- A net reduction of \$53,806 in the Economic & Community Development department related to the following reductions: \$500 Chief of Community Development Printing & Duplicating; \$1,000 from Chief of Community Development Other Professional Services; \$15,000 from Chief of Community Development Wages & Salary Regular; \$2,200 from Code Enforcement Postage, Box Rent, etc.; \$5,000 from Code Enforcement Other Professional Services; \$4,698 from Planning & Zoning Commission Wages & Salary Regular; \$1,000 from Transportation, Mobility & Parking Advertising; \$1,000 from Transportation, Mobility & Parking Other Professional Services; \$1,000 from Transportation, Mobility & Parking Traffic Lights, Related; \$1,000 from Transportation, Mobility & Parking Machinery, Equipment Rent; \$1,000 from Transportation, Mobility & Parking Security Systems; \$2,000 from Transportation, Mobility & Parking Advertising Special Events; \$28,176 from Transportation, Mobility & Parking Wages & Salary Regular; \$5,000 from Business Development & Tourism

Advertising; \$100 from Arts Commission Business Expense; and a \$14,868 increase in Harbor Commission grant.

- A decrease of \$135,000 in the Police department comprised of the following reductions: \$70,596 from Uniform Patrol Wages & Salaries Overtime; \$1,000 from Marine Patrol Repairs; \$7,700 from Community Police Services Machinery; \$20,000 from Detective Bureau Memberships; \$2,500 from Detective Bureau Sundry; \$1,000 from Special Services Other Repairs; \$5,000 Special Services Sundry; \$1,600 School Resource Officers Conference & Seminars; \$22,000 from Training; \$1,000 from Vehicle Maintenance; and \$2,604 from New Police Headquarters Wages & Salaries Overtime.
- An increase of \$35,185 from the Fire Department including the following reductions: \$1,000 from Administration Business Expense; \$500 from Administration Seminar & Conference Fees; \$1,000 from Administration Other Operating Expense; \$10,000 from Firefighting Other Machinery Expense; \$4,004 from Firefighting Other Repair & Maintenance; \$9,000 from Firefighting Clothing; \$2,300 from Firefighting Chemical Supplies; \$4,024 from Firefighting Consumable Supplies; \$6,000 from Firefighting Radios; \$5,000 from Prevention Wages & Salaries Overtime; \$32,448 from Prevention Wages & Salaries Temporary; \$3,204 from Prevention Clothing; \$1,000 from Prevention Educational; \$1,000 from Prevention Other Operating Expense; \$1,500 from Fire Training Wages & Salaries Overtime; \$8,000 from Fire Training Educational; \$1,000 from Fire Equipment Other Professional Services; \$304 from Fire Equipment Purchase of Uniforms; \$7,400 from Fire Equipment Machinery; \$3,000 from Emergency Preparedness Plan Other Professional Services; \$3,000 from Emergency Preparedness Plan Educational; and an increase of \$139,869 in Administration Wages & Salaries Regular.

## II. CFO FYE 2022 OPERATING BUDGET RECOMMENDATION

**Revenue assumptions** in this recommended budget include: A \$14.97 million revenue budget increase, driven by the following major categories of revenue.

SOURCE	Approved Budget FYE 2020-21	Recommended Budget FYE 2021-22	FYE 2021 vs. FYE 2022 Variance Increase / (Decrease)	
Current Property Tax	\$ 338,161,111	\$ 352,002,463	\$ 13,841,352	4.1%
Use of Fund Balance	\$ 8,000,000	\$ 8,000,000	\$ -	0.0%
Back Tax Collections	\$ 3,000,000	\$ 3,000,000	\$ -	0.0%
Investment Income	\$ 1,500,000	\$ 1,500,000	\$ -	0.0%
Supplemental Auto	\$ 2,600,000	\$ 2,600,000	\$ -	0.0%
Interest & Penalties	\$ 1,659,648	\$ 1,659,648	\$ -	0.0%
Departmental Receipts	\$ 11,235,424	\$ 10,335,131	\$ (900,293)	(8.0%)
Intergovernmental	\$ 16,866,170	\$ 15,922,866	\$ (943,304)	(5.6%)
Miscellaneous	\$ 2,607,748	\$ 5,579,084	\$ 2,971,336	113.9%
<b>GRAND TOTAL</b>	<b>\$ 385,630,101</b>	<b>\$ 400,599,192</b>	<b>\$ 14,969,091</b>	<b>3.9%</b>

- Current Local Taxes, net of a reserve for uncollectible taxes and tax relief programs, are growing by \$13,841,352 or 4.1%. Below is a 10 year history of annual local tax growth.

2020-21	16,464,652\$	5.1%
2019-20	\$9,617,755	3.1%
2018-19	\$11,652,898	3.9%
2017-18	\$7,329,552	2.5%
2016-17	\$4,517,632	1.6%
2015-16	\$7,065,674	2.5%
2014-15	\$7,692,336	2.8%
2013-14	\$10,463,783	4.0%
2012-13	\$7,302,356	2.9%
2011-12	\$5,286,718	2.1%
2010-11	\$8,404,941	3.5%
2009-10	\$11,070,078	4.8%
2008-09	\$12,686,881	5.8%

- Transfer from the fund balance is flat compared to prior year and is consistent with the city's use of the fund balance policy.
- Miscellaneous Revenue is increasing by \$2.97MM primarily related to Sale of Property.
- Department Receipts are falling by \$900,293. This is primarily related to a slowing of permit revenue.
- Intergovernmental Revenue is decreasing by \$943,304 based on continued uncertainty related to the Covid-19 pandemic.

- Interest & Penalties are expected to remain flat with the prior year. The FYE 2021 Approved Budget included a decrease in interest and penalties due to Covid-19 relief measures. The City believes that these policies will continue into the near future.

1. **Expenditure assumptions** in this recommended budget include:

DEPARTMENT	Approved Budget FYE 2020-21	Recommended Budget FYE 2021-22	FYE 2021 vs. FYE 2022 Variance Increase / (Decrease)	
Contingency	\$ 2,788,765	\$ 1,500,000	\$ (1,288,765)	(46.2%)
Education	\$ 208,415,928	\$ 212,584,247	\$ 4,168,319	2.0%
Police & Fire	\$ 45,878,511	\$ 47,378,019	\$ 1,499,508	3.3%
Employee Benefits	\$ 33,988,048	\$ 35,078,683	\$ 1,090,635	3.2%
Debt Service	\$ 32,446,428	\$ 36,925,620	\$ 4,479,192	13.8%
Operations & Public Works	\$ 23,223,684	\$ 24,743,182	\$ 1,519,498	6.5%
Pension Contributions	\$ 13,172,540	\$ 15,362,160	\$ 2,189,620	16.6%
Community Services	\$ 9,146,000	\$ 9,769,752	\$ 623,752	6.8%
Economic & Community Development	\$ 4,374,394	\$ 4,895,866	\$ 521,472	11.9%
Finance Department	\$ 6,621,281	\$ 7,038,014	\$ 416,733	6.3%
General Government	\$ 4,132,667	\$ 4,396,482	\$ 263,815	6.4%
Grants	\$ 1,357,807	\$ 843,167	\$ (514,640)	(37.9%)
Organizational Memberships	\$ 84,048	\$ 84,000	\$ (48)	(0.1%)
<b>GRAND TOTAL</b>	<b>\$ 385,630,101</b>	<b>\$ 400,599,192</b>	<b>\$ 14,969,091</b>	<b>3.9%</b>

- The City's FYE 2022 recommended expenditure budget is increasing by \$14.97MM or 3.9% over the adopted FY 2020-21 budget. A summary of the year-over-year increases are listed below:
  - Board of Education increase of \$4.17MM or 2.0%.
  - The Police and Fire departments are increasing by \$1.5MM or 3.3%. This is primarily related to wage and step increases.
  - Debt Service is increasing by \$4.48MM. This is reflective of the City's commitment to capital infrastructure including major school construction projects. Prior year increases in Capital Budget appropriations have increased the City's outstanding bond obligations and ultimately its debt service burden.
  - Economic and Community Development has increased by \$521,472 or 11.9%. This increase is primarily related to: a \$15,506 increase in the Planning & Zoning department; a \$315,064 increase in the Business Development and Tourism department; and a \$78,551 increase in the Transportation, Mobility & Parking Department.
  - Pension Contributions are increasing by \$2.2MM or 16.6% over FYE 2021. The City engaged its actuary to complete an experience study of pensions which pointed to changes that increased the liabilities and related Actuarial Determined Employer Contribution (ADEC) calculation.

- Employee Benefits are expected to increase by 3.2%. This is the result of increased health insurance expenditures that were partially offset by a decrease in City liability insurance costs.
- The Community Services department increased by \$623,752 primarily related to the transfer of the City's outside grants program to the Community Services department.
- The Grants budget decreases by \$514,640 reflecting the movement of the outside grants program to the Community Services department.
- Contingency is decreasing by \$1.3MM from the prior year. This is because wage increases were budgeted in Contingency for the FYE 2021 Approved Budget to accommodate bargaining unit negotiations.
- The General Government budget increases by \$263,815 or 6.4%. General Government is comprised of the following departments: Chief of Staff; Corporation Counsel; Registrar of Voters; the Town Clerk; Human Resources; Legislative; and the Mayor's Office.
- The Finance department increases by \$416,733 or 6.3% over the prior year. This is by a \$157,523 increase in Accounting; a \$226,436 increase in IT; and a \$52,992 increase in the Tax Collectors department.
- The Public Works budget is increasing by \$1.5MM or 6.5%. The primary drivers are wage and step increases that were budgeted in Contingency for the FYE 2021 Approved Budget. The Operations & Public Works department is also bound by contractual increases with City Carting for disposal services, solid waste disposal and curbside recycling services.

### **III. OPERATING BUDGET CAP**

- The Common Council established an appropriations cap of \$399,557,112 for FY 2021-2022 which is a \$1,042,080 reduction from the Finance Department's recommended budget.
- The BET's proposed tentative FY 2021-22 total expenditure budget of \$399,533,138 is \$23,974 less than the Common Council's expenditure cap.