CITY OF NORWALK
BOARD OF ESTIMATE AND TAXATION
JUNE 6, 2016

ATTENDANCE:	Gregory Burnett, Chair; Mayor Harry Rilling; James Feigenbaum; James Paige; Anne Yang-Dwyer; Edwin Camacho (7:04 p.m.); Laoise King (8:42 p.m.)
STAFF:	Robert Barron, Finance Director; Donna Castracane, Finance Department; Donna King, City Clerk; Mickey Docimo, Administrative Manager, Norwalk Police Department; Lisa Biagiarelli, Tax Collector; Chief Laurence Reilly, Norwalk Fire Department
OTHERS:	Dr. Steven Adamowski, Superintendent of Schools; Michael Lyons, Chair, Board of Education; Thomas Hamilton, Finance Director, Board of Education;

Mr. Burnett called the meeting to order at 7:02 p.m. and called the Roll. A quorum was present. Mr. Burnett said that he would be taking the agenda out of order this evening.

Mr. Camacho joined the meeting at 7:04 p.m.

APPROVAL OF MINUTES

May 2, 2016 – Regular Meeting

The following corrections were made to the minutes:

Page 2: fourth paragraph – teacher should be changed to teachers
Page 2: fifth paragraph – should should be changed to could

**** MS. YANG DWYER MOVED TO ACCEPT THE MINUTES AS CORRECTED**
**** MOTION PASSED UNANIMOUSLY**

TRANSFER AGENDA

Tax Assessor

From	**To**	**Amount**
01-1320-5140 Wages – Part Time	**01-1320-5120 Wages – Overtime**	**$28,000**

Mr. Barron explained the item and said that this transfer will cover City staff overtime associated with the completion of office work for property transfers.

** MAYOR RILLING MOVED TO APPROVE THE TRANSFER
** MOTION PASSED UNANIMOUSLY

Tax Assessor

From		To		Amount
01-1320-5140	**Wages – Part Time**	**01-120-5130**	**Wages- Temporary**	**$3,000**

Mr. Barron explained the item and said that this transfer will cover the cost to hire temporary help to assist with the completion of office work.

** MR. CAMACHO MOVED TO APPROVE THE TRANSFER
** MOTION PASSED UNANIMOUSLY

Police Department

From		To		Amount
01-3620-5262	**Other Machinery Equip**	**01-3061-5311**	**Office Supplies**	**$10,000**

Mr. Docimo explained the item and said that the office supplies will cover printing supplies, toners and replacement of aging equipment.

** MR. FEIGENBAUM MOVED TO APPROVE THE TRANSFER
** MOTION PASSED UNANIMOUSLY

OTHER BUSINESS

Ms. King read the following:

> **RESOLUTION, AUTHORIZING A SPECIAL CAPITAL APPROPRIATION IN THE AMOUNT OF $83,000 TO THE FIRE DEPARTMENT TO COVER THE REMAINING COSTS OF REMOVING THE UNDERGROUND STORAGE TANKS AT 100 FAIRFIELD AVENUE. (ACCOUNT #0914-3110-5777-C0542)**

Mr. Barron explained that four underground storage tanks had to be removed. Chief Reilley explained that while there were no leaks when the tanks were removed, there was a significant amount of contaminated soil in the ground. This request will cover the unanticipated costs and complete the project.

Ms. Yang Dwyer asked if other Fire Department capital accounts could fund this project. Chief Reilly said that there is money in the Broad River Fire Station renovation account, but that budget is tight. Mr. Barron said that there is sufficient money in the City's capital fund balance to cover this special capital appropriation.

Ms. Yang Dwyer said that as a matter of policy, on certain items, it should be put back into the capital planning process. She said that she would like to postpone the issuance of new money. Chief Reilly said that the Broad River project is basically for the living quarters for the Fire Fighters. He noted that they did some value engineering; the budget is tight. It is a 1961 building and needs a lot of work.

Ms. Yang Dwyer suggested that this project could be part of next year's budget. She said that this item should be re-evaluated. Chief Reilly said that Mr. Lo wants to go out to bid fairly soon.

**** MR. CAMACHO MOVED TO APPROVE THE RESOLUTION AS PRESENTED**

**** MOTION PASSED WITH ONE (1) VOTE IN OPPOSITION (MS. YANG DWYER)**

APPROVAL OF FY 2015 SUSPENSE TAX LIST

Mr. Barron explained that Ms. Biagiarelli is here with a certain amount of receivables that are on the suspense list. Due to the nature of the items on the list, it is doubtful that they will be collected. Mr. Barron said that about 80% are motor vehicle taxes. He noted that the list is not as big as it has been in other years.

Ms. Yang Dwyer suggested looking at the process by which to get cars off of the tax rolls. She said that it is quite a process and asked if the process could be simplified. Mr. Barron said that he will ask the Tax Accessor to contact Ms. Yang Dwyer.

**** MR. CAMACHO MOVED TO APPROVE THE FY 2015 SUSPENSE TAX LIST**

**** MOTION PASSED UNANIMOUSLY**

Tax Collector's Narrative – April 2016
Tax Collector's Report – April 2016

Ms. Biagiarelli reviewed her reports. She said that the tax bills are at the printer. The Tax Sale will take place on July 18th. She said that the Tax Collector's office began working on the Tax Sale in November and to date has collected over $2 million. She said that they fully anticipate meeting the goals set by the Board of Estimate and Taxation.

Ms. Yang Dwyer said that a lot of work goes into the Tax Sale and asked if the property owners could be charged an administrative fee. Ms. Biagiarelli explained that fees are added as they get close to the sale. They try to keep the fees reasonable to recover some of the costs, but it is enough to be an incentive. She said that Norwalk property owners can't be delinquent on their taxes because tax sales are held every two years.

SPECIAL APPROPRIATIONS

Ms. King read the following:

> ***RESOLVED*, THAT A SUM NOT TO EXCEED $1,159,000 BE AND THE SAME IS HEREBY TRANSFERRED FROM FUND BALANCE TO FUND A SPECIAL EDUCATION DEVELOPMENT FUND.**

Mr. Lyons said that there are a couple of issues the Board of Estimate and Taxation is concerned with; it is the perception that the Board of Education wants the City to put up the funds before the Board of Education does. He said that they propose that the City join them in putting the funds up now to fully fund the Special Education Development Fund. He described the funding mechanism.

Mayor Rilling said that he and the Board of Estimate and Taxation want this program funded in total and done in the most comfortable way. Mr. Lyons said that the funding would make permanent changes. He outlined how to fund the program as recommended by legal counsel.

Ms. Yang Dwyer said that they are all supportive of the program; the issue is timing. Dr. Adamowski said that they were here asking for help in their effort to resolve this long term problem. He said that they were open to arrangements to achieve the same goals.

Mr. Burnett said that it was mandatory that the City keep its triple A rating. Mr. Barron explained that this year the budget is $10 million higher than last year and that $1.3 million has to be added to the fund balance this year. He said that if the decision is made to use the fund balance, the City will fall below the City's guidelines. He asked about considering a delayed consideration of the request. Mr. Barron said that there is a list of unknowns.

Mr. Barron said that the Board of Education has a $14 million surplus in its insurance fund. If they wait until December to make this decision, he believes that the Board of Education's fund balance will be able to pay for all three years. Dr. Adamowski said that $3 million was a District deficit. He said that $3 million was over spent on out of District placements.

Ms. Yang Dwyer said that they need to figure out how this project gets funded. She said that splitting it 50/50 to get it started is appropriate. Dr. Adamowski said that would be a good start, but the question is how many classes can they bring back. He added that he hopes they have enough time to make the commitments.

Mr. Hamilton said that he did not hear Mr. Barron project results for the current year. In the current fiscal year, revenues were higher than estimated. He suggested that the City is likely to have positive results and suggested the fund balance will be greater. He said that there are significant bills that remain in Special Education. He said that they are projecting to spend $9 million in Special Education.

Mr. Hamilton said that costs came in higher than expected. The Board of Education is comfortable with contributing the amount they indicated, but feel that the City needs to assist them to make these improvements happen.

Mr. Barron said that the budget went up $10 million and to stay at the current level, they need to add $1.3 million. He said that there have been major hits to the City's revenue. He said that by September, he should have a better idea of what the surpluses are in the various funds.

Ms. Yang Dwyer said that if they use her proposal of a 50/50 split, it is 1/5th of 1% of the City's budget. She said that she suspects the $600,000 would have a good return and will be money well spent. Ms. Yang Dwyer said that the Board of Education is owed a decision. Dr. Adamowski said that if they do not get a decision tonight, they will lose a year. Mr. Camacho said that if they lose the Triple A rating that will cost the City. Ms. Yang Dwyer said that the $600,000 will not break the Triple A rating.

Mr. Barron said that if the Board votes to approve this tonight, his job will switch to convincing the rating agency as to how the fund balance will be raised. Mr. Burnett said that they need to look at how to make this happen.

Ms. King joined the meeting at 8:42 p.m.

Dr. Adamowski needs the funding available for July 1st. He said that he needs something to rely on; either a schedule of partnership payments or a memorandum of understanding. Mayor Rilling said that maintaining the median fund balance is a policy. He asked if Norwalk's Triple A rating would be in jeopardy if the City drew down from it. Mr. Barron said that it would be his job to explain how the City will build it back up to the median. Ms. Yang Dwyer said that the rating agencies will not down grade the City. It has a strong financial history. A downgrade would be a 2-3 hear process. Mr. Barron said that the City can lose a rating based on negative activity in one year.

Dr. Adamowski said that he needs to show the stability of the funding stream over three years. Mr. Lyons noted that the memorandum of understanding needs to be specific. He said that the City's fund balance is undesignated and is a rainy day account. The Board of Education's fund balance is tied to their insurance. He said that the City held its credit rating even during the Great Recession. He suggested creating a memorandum of understanding and change the language to add actual numbers.

Mr. Barron said that he would be cautious and not base the memorandum of understanding on surplus in the insurance fund. He added that he does not know what the costs are going to be. Dr. Adamowski said that there is no program unless one can be created.

Mayor Rilling said that he firmly believes that the cost savings will save the City $8 million. He said that the City and the Board of Education have a good working relationship and that there is a significant degree of trust between the two organizations.

Ms. King said that everyone at the table wants this to happen, but the question is where is the money coming from. Mr. Lyons said that if the Board of Estimate and Taxation passes the resolution, the lawyers can create the memorandum of understanding. Mr. Camacho said that he was concerned that this will jeopardize the City's credit rating.

Mayor Rilling said that this needs to get done and asked for a solution. He suggested holding a special meeting prior to June 30th and have the memorandum of understanding ready by then. Mr. Burnett asked what was the rush. Mr. Barron said that the Board of Education was looking for a commitment in June or they may miss their window. Dr. Adamowski said that they have to make changes to the facility for the students; there is a lot involved.

Mr. Barron said it was important to note that the Board of Education Special Education as fully funded. Dr. Adamowski said that they currently have $11 million in outside placements. Mr. Barron said that it was important to understand where the money is and how it gets into the Special Education budget. He said that it is not necessary to have another fund with another surplus. Mr. Lyons said that this is not a special revenue fund. Mayor Rilling said that the memorandum of understanding would have to be written so that it is understood where the funding is coming from.

Mayor Rilling said that he appreciated Mr. Barron's analysis and said that he is trying to save the City's financial liability.

Mr. Burnett asked for a motion on the resolution three times:

> ***RESOLVED*****, THAT A SUM NOT TO EXCEED $1,159,000 BE AND THE SAME IS HEREBY TRANSFERRED FROM FUND BALANCE TO FUND A SPECIAL EDUCATION DEVELOPMENT FUND.**

Hearing none, the resolution failed.

Mr. Barron said that drawing down on the fund balance is a credit negative and feels he can sell it to the rating agencies, but does not know how they will react. He said that he would rather say that the Board of Education and the City are moving forward to address a major problem that has existed for several years.

Mr. Hamilton said that the rating agencies do not like when a city draws down to pay for recurring expenses, but they will appreciate paying for an investment to get a handle on Special Education costs.

Ms. King asked if there was a way to make the commitment to the parents and vendors without jeopardizing the bond rating. She said that it does not seem logical to make this decision before June 30th. Dr. Adamowski said that they have to be able to demonstrate to families and agencies that they have a long-term commitment. Mr. Barron said that he would sell this as a three year restructuring which will result in significant savings in Special Education costs.

**** MAYOR RILLING MOVED THE FOLLOWING:**

RESOLVED **THAT FOR FY 2015/2016 A SUM NOT TO EXCEED $1,100,000 BE AND THE SAME IS HEREBY TRANSFERRED FROM THE FUND BALANCE TO FUND A SPECIAL EDUCATION DEVELOPMENT FUND SUBJECT TO THE IMPLEMENTATION OF A THREE-YEAR MEMORANDUM OF UNDERSTANDING BETWEEN THE BOARD OF EDUCATION AND THE CITY OF NORWALK, WITH THE BOARD OF EDUCATION CONTRIBUTING $1,300,000 AT THE SAME TIME AND THE THIRD YEAR OF FUNDING TO BE MUTUALLY AGREED UPON BY THE CITY OF NORWALK AND THE BOARD OF EDUCATION AFTER REVIEW OF THEIR RESPECTIVE FINANCIALS**

**** MOTION PASSED UNANIMOUSLY**

Mr. Feigenbaum tanked the Board of Education and the Board of Estimate and Taxation. He noted that Mr. Barron was doing his job.

**** MR. FEIGENBAUM MOVED TO ADJOURN**
**** MOTION PASSED UNANIMOUSLY**

There was no further business and the meeting was unanimously adjourned at 9:52 p.m.

Respectfully submitted,

Rosemarie Lombardi
Telesco Secretarial Services