**CITY OF NORWALK**
**FINANCE – CLAIMS COMMITTEE**
**FEBRUARY 20, 2014**

**ATTENDANCE:** Bruce Kimmel, Chairman; Douglas Hempstead, Jerry Petrini, John Igneri (8:55 pm); David McCarthy (8:45 pm); David Watts, Travis Simms.

**STAFF:** Fred Gilden, Comptroller;
OTHER: Thomas Hamilton, Finance Director;
Robert Barron, Director of Management & Budgets;
Gerald Foley, Purchasing Agent; Michael Stewart, Tax Assessor.
Common Council Members: Richard Bonenfant, Eloise Melendez, Shannon O'Toole-Giandurco, Glenn Iannaccone.

Call to Order

Mr. Kimmel called the meeting to order at 7:00 p.m. and noted that members were in attendance as indicated above, and there was a quorum present.

Public Participation

Mr. Kimmel asked members of the public who wished to comment to come forward and give their name and address for the record.

Diane Lauricella, 21 Blue Mountain Ridge Road, asked the Committee not to raise the cap and to limit the City's spending in response to requests from taxpayers. She asked the committee not to raise the expenditures cap above that which was recommended, and to look for savings in salaries and through economies of scale in departments. She spoke about her ongoing concerns with the website and asked that these problems be corrected. She spoke about the problems with staff at Planning & Zoning and asked the Committee to maintain protocol with need for transparency.

Mr. Kimmel asked if other members of the public wished to speak, and hearing none, closed the public participation portion of the meeting at 7:15 p.m.

Approval of Minutes: January 9, 2014 January 29, 2014

**** MR. PETRINI MOVED TO ACCEPT THE MINUTES FROM THE MEETING OF JANUARY 9, 2014 AS SUBITTED.**
**** MOTION PASSED UNANIMOUSLY.**

**** MR. PETRINI MOVED TO ACCEPT THE MINUTES FROM THE MEETING OF JANUARY 29, 2014 AS SUBITTED.**
**** MOTION PASSED UNANIMOUSLY.**

Claims Committee: Receive the Monthly Claims Report.
Review and approve claims as required for Claims Report dated: February 13, 2014.

Mr. Hempstead asked if claim returns affect tax projections. Mr. Hamilton replied they look at appeals and reductions, taking into account that it is a moving target, and figure it into the budget. He added that there is $1,250 put aside for this year.

Narrative on Tax Collections dated February 13, 2014- Receive report and discuss.

Ms. Lisa Biagiarelli, Tax Collector provided her report, key summary as follows:
It was highlighted that complete assessment will follow analysis month end figures for February.
7 mos. 2013-14 FYTD, collected 91.48% of current tax levy on 2012 grand list, > $258 million. 90.25% of current sewer use levy, +$11.9 million; 82.5% of IPP (Industrial Pretreatment Program) vs. YGO for current tax collections (-2.01%), sewer use collections (-2.32%). Collected approx. $2.5 million back taxes, interest, lien fees, other fees; approx $136M vs. prior fiscal year. Back tax collection figures are net, and reflect outlays that were made to taxpayers as a result of settlements reached in several large tax assessment appeal cases. With regard to the bi annual tax sale, preliminary mailing sent in early November 2013. Since that time, we have collected > $990,000 on those properties.
A definitive list of properties included is being compiled between now and the middle of March.

Monthly Tax Collector's Reports - Receive reports and discuss January 31, 2014.
Report summary, as submitted:

TAX COLLECTOR'S REPORT
JANUARY 31, 2014

| FISCAL YEAR 2013-2014 (2012 GRAND LIST) | ORIGINAL LEVY | ADJ. TAX COLLECTIONS JUN 12 - JAN 14 | COLLECTION % | CORRECTED LEVY* | COLLECTION % |
|---|---|---|---|---|---|
| AUTOMOBILE-REGULAR | $15,711,222.28 | $13,907,038.26 | 88.52% | $15,437,774.39 | 90.08% |
| AUTOMOBILE-SUPPLEMENTAL | $2,359,065.70 | $1,564,493.16 | 66.32% | $2,347,575.88 | 66.64% |
| PERSONAL PROPERTY | $15,339,628.48 | $9,992,103.92 | 65.14% | $15,318,493.94 | 65.23% |
| REAL ESTATE | $249,768,582.86 | $233,000,424.95 | 93.29% | $249,425,659.42 | 93.41% |
| **TOTAL TAX** | **$283,178,499.32** | **$258,464,060.29** | **91.27%** | **$282,529,503.63** | **91.48%** |
| **SEWER USE** | $13,257,264.00 | $11,933,009.41 | 90.01% | $13,222,051.00 | 90.25% |
| **IPP FEE** | $230,750.00 | $189,108.06 | 81.95% | $229,000.00 | 82.58% |

Mr. Kimmel asked it be noted that Council Members Bonenfant and O'Toole-Giandurco have entered the meeting at 7:35 p.m.

Authorize Mayor, Harry W. Rilling, to execute a contract with the City of Norwalk and Charles B. Feldman & Associates to provide audits of business personal property accounts as detailed in RFP no. 3308. Amount not to exceed $20,000 in fiscal year 2013-14 and not to exceed $10,000 in each of the subsequent four optional years (acct 011330-5253).

Mr. Michael Stewart, Tax Assessor, reviewed the supporting documents and explained the background on the request for contract approval. He outlined the history on the City's business personal property audit program and the results of the RFP from vendors for auditing services. He explained Charles B. Feldman and Associates was the low bidder for the pilot program and as well as for the annual audits, and they have successfully performed personal property audits for Norwalk for the past ten years.

** **MR. PETRINI MOVED TO AUTHORIZE MAYOR, HARRY W. RILLING, TO EXECUTE A CONTRACT WITH THE CITY OF NORWALK AND CHARLES B. FELDMAN & ASSOCIATES TO PROVIDE AUDITS OF BUSINESS PERSONAL PROPERTY ACCOUNTS AS DETAILED IN RFP NO. 3308. AMOUNT NOT TO EXCEED $20,000 IN FISCAL YEAR 2013-14 AND NOT TO EXCEED $10,000 IN EACH OF THE SUBSEQUENT FOUR OPTIONAL YEARS (ACCT 011330-5253).**

**** MOTION PASSED UNANIMOUSLY.**

*Committee Member Simms left the meeting at 8:15 p.m.*

Authorize the Mayor, Harry W. Rifling, to execute a contract extension with D.B. & R. Consulting, LLC, to provide risk management consulting services for the period commencing January 1, 2014 and ending December 31, 2014, for an hourly rate of $195/hour, and not to exceed $75,000. Account #161343-5258.

Mr. Hamilton, Director of Finance referred to the supporting documents and explained the contract authorization is in lieu of the City hiring a full-time Risk Manager. He reviewed the scope of services including insurance procurement, remarketing, loss control and safety, claims reporting and handling, insurance budgeting, departmental cost allocation, and providing on-site services to City departments.

**** MR. PETRINI MOVED TO AUTHORIZE THE MAYOR, HARRY W. RILLING, TO EXECUTE A CONTRACT EXTENSION WITH DB& R CONSULTING, LLC, TO PROVIDE RISK MANAGEMENT CONSULTING SERVICES FOR THE PERIOD COMMENCING JANUARY 1, 2014 AND ENDING DECEMBER 31, 2014, FOR AN HOURLY RATE OF $195/HOUR, AND NOT TO EXCEED $75,000. ACCOUNT #161343-5258.**

**** MOTION PASSED UNANIMOUSLY.**

Authorize the Purchasing Agent to issue annual Blanket Purchase Orders for the purchase of miscellaneous office Supplies with W. B. Mason Co., Inc. for an annual amount not to exceed $100,000.00, commencing on or about March 1, 2014, for three (3) calendar years, with options to extend the issuance of blanket purchase orders for two (2) additional two (1) year periods.

Mr. Gerald Foley reviewed the supporting documents for Office Supplies and that explained that after evaluation, W. B. Mason Co. Inc. had provided the lowest overall costs and the best overall value to the City. Questions and comments were fielded relative to combined usage with the Board of Education.

*Committee Member David McCarthy entered the meeting at 8:45 p.m.*

Mr. Kimmel asked about the amount of copy paper used by the City in aggregate. Mr. Foley noted that he would research and provide this information to him by e-mail.

**** MR. KIMMEL MOVED TO AUTHORIZE THE PURCHASING AGENT TO ISSUE ANNUAL BLANKET PURCHASE ORDERS FOR THE PURCHASE OF MISCELLANEOUS OFFICE SUPPLIES WITH W B MASON CO., INC. FOR AN ANNUAL AMOUNT NOT TO EXCEED $100,000.00, COMMENCING ON OR ABOUT MARCH 1, 2014, FOR THREE (3) CALENDAR YEARS, WITH OPTIONS TO EXTEND THE ISSUANCE OF BLANKET PURCHASE ORDERS FOR TWO (2) ADDITIONAL TWO (1) YEAR PERIODS. ACCT NO.VARIOUS.**
**** MOTION PASSED UNANIMOUSLY.**

<u>Receive Board of Estimate and Taxation Appropriations dated: February 10, 2014:</u>

Mr. Barron referred to the supporting documents and explained that this $28,000 special appropriation is to cover health benefits for the new economic director, a request made necessary because former director had previously opted out from health benefits from the city.

Mr. Petrini asked if this appropriation was earmarked designated for benefits only or if it would not be used if the benefits are not necessary. Mr. Barron explained the funds would have to be used to support salary and benefits. He gave the example of a Fair Housing position where funds were not used and the surplus was used to lower the subsequent budget.

*Committee Member John Igneri entered the meeting at 8:55 p.m.*

Mr. Hempstead asked about the unexpended salary and where that would be in the remaining budget, and stated that he felt this was the cart before the horse. Mr. Hamilton suggested that if this appropriation was not required, they would go back to the RDA and discuss. Mr. Barron added that there was accrued sick time as part of the severance.

Mr. Hamilton further explained that the RDA did not want to take on the liability for the amount of benefits needed unless funds were in place.

Mr. Watts asked if this assumes the salary would be negotiated, and Mr. Hamilton noted that this is normally the case.

There was further discussion about benefits negotiated as part of the hiring process. Mr. Kimmel asked if this would hold up the hiring process, and Mr. Hamilton explained that approval would not circumvent the hiring of the position.

Mr. Hamilton added that the Mayor had requested that the City fill this position as soon as possible.

Mr. Hempstead added that while he is aware that this position is necessary to keep the current redevelopment projects moving, he would like to reach out to Tim Sheehan with the Redevelopment Agency for further discussion of this special appropriation.

Mr. Hamilton noted that the BET has approved this special appropriation, and theoretically it now moves on to the Council for approval. He added that it was agreed to approve the resolution as presented, and that the Mayor would evaluate the designation of the position as a City employee in the salary accounts, if there was significant savings in insurance and benefits.

Mr. Kimmel noted that this special appropriation item will be forwarded on to agenda for the Council approval and there may be discussion and comment on the Council floor.

Presentation of FY 2013-14 Operating Budget

Mr. Hamilton reviewed the supporting documents and presented the recommended operating budget. He explained that this budget presentation marks the starting point for the Board of Estimate to craft the city's 2014-15 operating budget. He reviewed the timeline of between February 24 and March 12, and noted that a public hearing has been scheduled for Wednesday, March 19, and the BET has until May 5 to adopt the final budget and set property tax rates.

Mr. Hamilton summarized the bottom line of $318,480,145 budget would increase overall expenditures by 2.9 percent. He stated that this is the lowest expenditure growth in three years, and it's an austere, conservative budge that represents being as responsible as we can to the taxpayers of the city. He explained that the budget would boost the annual property tax bill on the median single-family home in the city's 4th Taxing District by $74, or roughly 1.2 percent.

Mr. Hamilton outlined that the budget would provide a 2.9 increase for the Board of Education, a 19.3 percent increase for pension contributions, and a 1.8 percent increase for city departments excluding the pension fund. He explained that the budget would fully fund the school board except for a $1.2 million insurance reserve, deemed unnecessary in fiscal year 2014-15 due to the current and anticipated reserve balance in the city's insurance fund.

Mr. Hamilton outlined other major initiatives to include new vehicles for the Norwalk Police Department; restoring Sunday Library hours and literacy volunteers; and a Fire Cadet Program in the Norwalk Fire Department.

Mr. Hamilton outlined the assumptions, and noted that department revenues are projected to increase by $1 million annually, while state aid is anticipated to increase by $979,000.

He explained the expenditures cap of $302,316,248 reflects his recommended budget of $318.5 million less an anticipated $16.2 million in state aid and other intergovernmental revenues.

Mr. Watts expressed concern with limited funds budgeted for council supplies and asked to revisit the amount of money budgeted annually for the Common Council. He noted that after subtracting the $50 monthly stipends, approximately $900 is leftover for office supplies and other expenses, and that is not nearly enough. He added that he has forgone his stipend for the past few years and that money should remain in the supply budget. He further explained that despite waiving his stipend for the last two years, he must pay out of his pocket for mailing his constituents.

Mr. Hamilton replied that the number was based upon actual expenses last year along with input from the City Clerk's office. He added that he would gladly increase the supply budget for the Council, based on a request.

Mr. Hempstead noted that he has never been asked to provide input on what is needed for Council supplies. He added that when trying to schedule a goal setting session for last Saturday he was asked what account the security and secretarial services would be funded from, and there is no budget.

Mr. Barron then reviewed the spreadsheet outlining the tax impact of recommended expenditures cap and increases and reductions to various taxing districts throughout Norwalk. He explained that the $302.3 budget cap would boost the annual property tax bill on the median single-family home in Norwalk's 4th Taxing District by $74. He explained further the property tax impact on the median value home in each of the districts and showed a comparison versus to the prior revaluation.

Mr. Hempstead asked about the health of the city's rainy day fund. Mr. Hamilton replied that with favorable operating experience, we should stay above 8 percent level compared to the budget, even with the use of $1 million.

Mr. Hempstead asked for a breakdown of savings of the true costs of what we got vs. what was projected from the city outsourcing garbage collection. Mr. Hamilton noted that this would be provided.

Mr. Hempstead suggested that the Finance Department explore funding a portion of the Board of Education budget concerning Special Education of $162,000 with a special appropriation. He explained that he would like to begin with these areas now to get things in motion soon rather than waiting for the 2014-15 operating budget.

Mr. Hempstead noted that he would reach out to the Board Chair, Mike Lyons to determine if this can be done as a special appropriation this year, which would reduce that amount from the 2014-15 Operating Budget.

It was noted that the Capital Budget was presented to the BET and that all budget documents are posted on the City's website and the links are as follows:
http://www.norwalkct.org/DocumentCenter/View/4195
http://www.norwalkct.org/DocumentCenter/View/5727

Following the presentation, Mr. Hamilton and Mr. Barron fielded questions and comments from the Committee members. Mr. Barron referred to the e-mail from Mr. Kimmel and the responses to questions on the Operating Budget. (It was requested for this to be included in the minutes as an attachment -- see addendum pages 8-12).

Mr. Kimmel thanked Mr. Hamilton and Mr. Barron and stated this was one of the most comprehensive presentations he has seen, and the thoroughness with which they addressed the questions is commendable.

Mr. Barron noted that in addition to the presentation there is a nine-page summary in the budget book that provides further details that the members may find very helpful.

Mr. Kimmel stated he would forward the Finance Department's proposed 2014-15 Operating Budget along to the Council and the item would be on the agenda for next week for approval as recommended. He explained that there would be further discussion and debate on the council floor for the budget cap. He stated that any changes to the amount of cap would be determined, based on the corresponding chart of tax increases as provided by the Finance Department.

Adjournment

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

The meeting was adjourned at 10:25 p.m.

Attachments: Supplemental pages 8-12:
Detailed charts and narrative explanations in reply to questions from the Committee Chair.

Respectfully submitted,

Marilyn Knox;
Telesco Secretarial Services

| | |
|---|---|
| **Subject:** | Council Recommended Budget Questions |
| **Attachments:** | FUND BALANCE PROJECTIONS - 14FEB14.pdf; WC 2015 Allocation.pdf |

Dear Council Members,

Below are responses to Bruce Kimmel's forwarded email:

1) The preliminary 3-year budget projection is a starting point from which to solicit the Mayor's input at the beginning of the budget process in December. This forecast evolves and changes, sometimes significantly, by the time Tom makes his recommendation in February. Tom is reluctant to have such a preliminary forecast subject to debate before it is solidified into a recommendation from him. With this said, I have attached our 3-year fund balance projection, with the assumed increases by category of expense and revenue, to this email for your review.
2) Property Tax increase:
    a. If there was no change to the grand list from this year to next year's recommended budget, the recommended total current tax levy would be unchanged because we still would have to raise an additional $10,167,419 or a 3.6% increase to fund the $318.5 million budget request.
    b. Remember that we take the budget request of $318.5 million and subtract from it the non-tax revenues of $35.8 million and add to it the $8.7 million of total adjustments for uncollected taxes and tax relief programs to fully fund the operating budget request. So $318.5 - $35.8 + $8.7 = $291.4 that must be raised by current taxes which is $10.2 million more than the current year's approved budget.
    c. The increase in the taxes that are required to be raised by current taxes (the $10.2 million in answers a and b above) ***is not going up due to revaluation***. Taxes are increasing because of the $9.1 million more being spent year over year in the operating budget and the $1.1 million decrease in Non-Current Tax Revenue, as follows:

| | | |
|---|---|---|
| Increase in Operating Expenses | $ | 9,052,196 |
| Increase in Current Taxes | $ | 10,167,419 |
| Decrease in other Revenue | $ | (1,115,223) |

| | | |
|---|---|---|
| Increase in Other Revenue | $ | 1,180,356 |
| Decrease in Back Taxes | $ | (1,000,000) |
| Increase in Program Adjustments | $ | (269,000) |
| Increase in Uncollectibles | $ | (1,026,579) |
| Decrease in Non-Current Tax Revenue | $ | (1,115,223) |

3) The increase in taxes that some taxpayers will pay is ***due to the relative change in their assessment to their neighbors' and commercial properties*** and ***the increased funds that the City needs to raise for its upcoming year's budget***. The below chart shows the impact for the median assessed valued single family home, by district, assuming the recommended 3.6% increase to the total tax levy in a hypothetical no-revaluation year. The recommended change in taxes for the median assessed value home in each district in the first yellow highlighted row, the amount that's due to the increased budget is in the second yellow highlighted row, and the difference between the two which is the amount due to the revaluation in the third yellow highlighted row. To answer your question for the fourth district in a narrative form: "The recommended increase in taxes for the median valued home in the fourth district is $74 of which the recommended increase in the city's operating budget is responsible for an increase of $232 which is offset by a decrease due to revaluation of -158."

FY 2014-15 Recommendation

| | 1st Downtown Norwalk | 2nd South Norwalk | 3rd East Norwalk | 4th Sewered Main Area | 5th No Garbage Main Area | 6th Rowayton |
|---|---|---|---|---|---|---|
| | AUTONOMOUS DISTRICTS | | | | | |
| **SERVICE DISTRICTS** | | | | | | |
| Fifth | 21.378 | 21.378 | 21.378 | 21.378 | 21.378 | 21.378 |
| Fire | 3.038 | 3.038 | 3.038 | 3.038 | 3.038 | |
| Fourth-Garbage | 0.695 | 0.695 | 0.695 | 0.695 | | |
| Street Lighting | | | | 0.059 | 0.059 | |
| Sixth - Rowayton | | | | | | 1.070 |
| **RECOMMEND 2014-15** | **25.111** | **25.111** | **25.111** | **25.170** | **24.475** | **22.448** |
| **APPROVED 2013-14** | **22.142** | **22.142** | **22.142** | **22.187** | **21.682** | **20.157** |
| % Increase Mill Rate | 13.4% | 13.4% | 13.4% | 13.4% | 12.9% | 11.4% |
| Median Assessed Value | $ 220,675 | $ 201,079 | $ 260,638 | $ 257,600 | $ 353,360 | $ 677,331 |
| FY 2014-15 Taxes | $ 5,541 | $ 5,049 | $ 6,545 | $ 6,484 | $ 8,649 | $ 15,205 |
| FY 2013-14 Taxes | $ 5,774 | $ 5,826 | $ 7,156 | $ 6,410 | $ 8,162 | $ 14,054 |
| **Change Inc./(Dec.)** | **$ (233)** | **$ (777)** | **$ (611)** | **$ 74** | **$ 486** | **$ 1,151** |
| % Change Taxes | -4.0% | -13.3% | -8.5% | 1.2% | 6.0% | 8.2% |

FY 2014-15 Hypothetical No Revaluation

| | 1st Downtown Norwalk | 2nd South Norwalk | 3rd East Norwalk | 4th Sewered Main Area | 5th No Garbage Main Area | 6th Rowayton |
|---|---|---|---|---|---|---|
| **RECOMMEND 2014-15** | **22.943** | **22.943** | **22.943** | **22.990** | **22.466** | **20.885** |
| **APPROVED 2013-14** | **22.142** | **22.142** | **22.142** | **22.187** | **21.682** | **20.157** |
| % Increase Mill Rate | 3.6% | 3.6% | 3.6% | 3.6% | 3.6% | 3.6% |
| Median Assessed Value | $ 260,785 | $ 263,130 | $ 323,190 | $ 288,890 | $ 376,460 | $ 697,235 |
| FY 2014-15 Taxes | $ 5,983 | $ 6,037 | $ 7,415 | $ 6,641 | $ 8,457 | $ 14,562 |
| FY 2013-14 Taxes | $ 5,774 | $ 5,826 | $ 7,156 | $ 6,410 | $ 8,162 | $ 14,054 |
| **Difference due to Increase in Budget** | **$ 209** | **$ 211** | **$ 259** | **$ 232** | **$ 295** | **$ 508** |
| % Change Taxes | 3.6% | 3.6% | 3.6% | 3.6% | 3.6% | 3.6% |
| **Difference due to Revaluation** | **$ (442)** | **$ (988)** | **$ (870)** | **$ (158)** | **$ 191** | **$ 643** |
| % Change Taxes | -7.7% | -17.0% | -12.2% | -2.5% | 2.3% | 4.6% |

I've pasted the revenue section of our recommended operating budget below which highlights in yellow the various revenue calculations. The ones that you questioned in your below email are in the bolded text below:

a. ***The first number, $291,355,857; is the Total Current Tax levy whose calculation is described in answer 2b above.***
b. The second number, $286,111,452; is the Total Current Tax levy net of the reserve for uncollectible taxes based on a 98.2% collection rate (1.8% uncollectible).
c. The third number, $282,692,452; is the Total Current Tax levy net of uncollectible taxes and tax relief programs.
d. ***The fourth number, $286,792,452; is the Net Total Tax Revenues.***
e. The fifth number, $31,687,693; is the Total Non-Tax Revenue.
f. The sixth number, $318,480,145 is the Total Revenue or the sum of Net Total Tax Revenues (item d) and Total Non-Tax Revenue (item e) and is equal to the recommended expenses in order to achieve a balanced budget.

| | | RECOMMENDED BUDGET 2014-15 | | $ VAR TO PRIOR YR. APPROVED | % VAR TO PRIOR YR. APPROVED |
|---|---|---|---|---|---|
| **REVENUES** | | | | | |
| **CURRENT TAX REVENUES** | | | | | |
| **GRAND LIST** | | **$11,823,577,590** | **$** | **(981,939,957)** | **-7.7%** |
| **Budgeted Mill Rate Increase** | | **12.2%** | | **8.5%** | |
| AVERAGE MILL RATE | | 24.6419 | $ | 2.6836 | 12.2% |
| Total Tax Levy | $ | 291,355,857 | $ | 10,167,419 | 3.6% |
| **Reserve for Uncollected Rate** | | **1.8%** | | **0.3%** | |
| RESERVE FOR UNCOLLECTED | $ | 5,244,405 | $ | 1,026,579 | 24.3% |
| **Collection Rate** | | **98.2%** | | **-0.3%** | -0.3% |
| Net Tax Levy | $ | 286,111,452 | $ | 9,140,840 | 3.3% |
| LOCAL ELDERLY TAX RELIEF | $ | 1,313,000 | $ | 13,000 | 1.0% |
| OTHER PROGRAMS | $ | 606,000 | $ | 6,000 | 1.0% |
| TAX APPEALS | $ | 1,500,000 | $ | 250,000 | 20.0% |
| Total Reductions | $ | 3,419,000 | $ | 269,000 | 8.5% |
| **Net Current Tax Revenues** | **$** | **282,692,452** | **$** | **8,871,840** | **3.2%** |
| **OTHER TAX REVENUES** | | | | | |
| BACK TAX COLLECTIONS | $ | 2,000,000 | $ | (1,000,000) | -33.3% |
| SUPPLEMENTAL AUTOS | $ | 2,100,000 | $ | - | 0.0% |
| **Other Tax Revenues** | **$** | **4,100,000** | **$** | **(1,000,000)** | **-33.3%** |
| **NET TOTAL TAX REVENUES** | **$** | **286,792,452** | **$** | **7,871,840** | **2.8%** |
| **NON-TAX REVENUES** | | | | | |
| INTEREST & PENALTIES | $ | 1,585,668 | $ | (337,851) | -17.6% |
| INTERGOVERNMENTAL REVENUE | $ | 16,163,897 | $ | 979,495 | 6.5% |
| INVESTMENT INCOME | $ | 450,000 | $ | (262,000) | -36.8% |
| DEPARTMENTAL RECEIPTS | $ | 10,224,948 | $ | 1,033,128 | 11.2% |
| MISCELLANEOUS | $ | 2,263,180 | $ | 511,886 | 29.2% |
| TRANS FROM FUND BALANCE | $ | 1,000,000 | $ | (744,302) | -42.7% |
| **Total Non-Tax Revenues** | **$** | **31,687,693** | **$** | **1,180,356** | **3.9%** |
| **TOTAL REVENUE** | **$** | **318,480,145** | **$** | **9,052,196** | **2.9%** |

5) The rating agencies look at both ratios; however, the unassigned fund balance carries more weight because it is the fund balance that represents "free" or uncommitted fund balance available for use in case of need. The audit for the most recently completed fiscal year 2012-13 reports the unassigned fund balance for the City as $29.8 million or 9.4% of GAAP revenues.

6) The recommended pension contribution for FY 2014-15 represents an increase over the current year's pension budget of $1.9 million or 19.3%. This increase for the upcoming year is the fifth of the 5-year smoothing of losses from 2008/09 that the pension investments experienced. As a consequence, in the most recent actuarial report the subsequent two years, FY 2015-16 and FY 2016-17, will remain relatively flat which should provide some budget relief in those years.

7) The BOE's forecast medical insurance surplus and favorable claims history ***this year*** are indeed part of the reasons for Tom's recommendation to eliminate the BOE reserve in the upcoming FY 2014-15 budget. In addition, the BOE had favorable claims experience ***last year*** and they used part of their FY 2012-13 budget surplus to make an additional contribution to the insurance fund.

8) The recommended debt service for FY 2014-15 represents a decrease over the current year's debt service budget of $372,130 or -1.4%. Tom recommends what we believe to be a "comfortable" level of debt in the future years which is detailed in Table 3 on page 5 of his Finance Director's Capital letter dated 1/31/2014 (included in your capital book).

9) The recommended $390,000 purchase of Police vehicles includes two used cars estimated at $15,000 each for Detective use, this is what brought down the average cost per vehicle. The remaining $360,000 is for eight fully outfitted vehicles which is a purchase price of $32K plus $13K for the equipment or $45K each.

10) The budgeted amount for Workers Compensation is prepared by the City's Risk Manager and the cost allocation plan by department is attached to this email for your review. The recommended increase for the upcoming FY 2014-15 is due primarily to claims history driving increases in the Board of Education and Fire Departments. The savings for contracting out of garbage collection will take a couple of years to be realized because of the lag time associated with Workers Compensation claims.

11) The 27 position reduction from 2004-05 to 2014-15 is due primarily to the elimination of budgeted vacancies and positions vacated due to early retirements along with the move of employees to the newly created Fleet department, as follows:

| YEAR | EE COUNT | DESCRIPTION |
|---|---|---|
| 2004-05 | 114 | 2004-05 budgeted # of employees |
| 2005-06 | -9 | Employees move to newly created Fleet department |
| | 2 | A Traffic Engineer and Maintainer II were added to the Engineering division |
| | 107 | 2005-06 budgeted # of employees |
| 2009-10 | | In FY 2009-10 due to the severe recession the City eliminated 24 positions or 8% of its non-public workforce. Of the 24 positions eliminated citywide, seven came from DPW, as follows: |
| | -3 | Three vacant Maintainer positions were eliminated in Operations |
| | -1 | One Assistant Superintendent of Operations was eliminated in Operations |
| | -1 | An Adminstrative Support position was eliminated due to early retirement |
| | -1 | A DPW Coordinator position was eliminated due to early retirement |
| | -1 | An Assistant Civil Engineer was eliminated in Engineering as a result of early retirement |
| | 100 | 2009-10 budgeted # of employees |
| 2012-13 | -8 | Refuse Maintainers were moved to the Highway department |
| | -4 | Four vacant Refuse Maintainer positions were eliminated due to contracting our garbage |
| | 88 | 2012-13 budgeted # of employees |
| 2013-14 | 88 | 2013-14 budgeted # of employees |
| | 1 | DPW requested an additional Assistant Civil Engineer |
| 2014-15 | 89 | DPW Requested FY 2014-15 budget |
| | -1 | Finance recommends eliminating the additional Assistant Civil Engineer |
| | -1 | Finance recommends (at DPW's subsequent request) to move a DPW driver to a Fleet Tool Mech Keeper position so no reduction in staff |
| 2014-15 | 87 | Finance recommended FY 2014-15 budget |

2014-15 Operating Budget Presentation documents can be found on the City's website:
http://www.norwalkct.org/DocumentCenter/View/5727