

**MINUTES
ANNUAL BUDGET MEETING
SIXTH TAXING DISTRICT
City of Norwalk
March 5, 2008**

Minutes of the Annual Budget Meeting of the Sixth Taxing District, held on March 5, 2008, immediately following the Annual Meeting.

Agenda Item #1. To hear the report of the Treasurer for the fiscal year ended June 30, 2007, that concluded with General Fund revenues \$16,219 greater than budgeted and expenditures \$31,601 less than budgeted, increasing the General Fund's balance by a total of \$47,820.

Andy Conroy, District Treasurer, referred the attendees to the handout that they received at the door which contains the budget for the coming fiscal year. The other document is a draft section of the auditors' report which was given to us today by the auditors which has been updated over the last few days. It takes awhile to get the final report from the auditors. The front letter simply tells us that we had a successful audit. This handout gives us the details that you may want.

Mr. Conroy presented his report for the fiscal year ending on June 30, 2007. Mr. Conroy reported that the fiscal year had ended with General Fund revenues \$16,219 greater than budgeted and expenditures \$31,601 less than budgeted, increasing the General Fund's balance by a total of \$47,820. Mr. Conroy, referring to the Agenda listing of **Item #2**, asked that we take note of the under-expenditures in some line items and pointed out a couple of corrections to the amounts printed in the Agenda. To reiterate the under-expenditures, they are as follows:

Public Safety	
Net, all accounts	(13,932)
Culture and Recreation	
Net, all accounts	(14,452) note \$5K correction
Home and Community Services	
Net, all accounts	(1,727)
Debt Service	
Net, all accounts	(14,080)
Under-Expenditures noted	\$(44,191)

ANNUAL BUDGET MINUTES

March 5, 2008

Page Two

Agenda Item #3 To approve the over-expenditures in some line items and to appropriate funds from the General Fund's balance in the amounts of:

General Government Support	
Net, all accounts	\$ 1,112
Transportation	
Operation of new Municipal Lot	15,693
Payroll	
Net, all accounts	<u>785</u>
Over-Expenditures to be appropriated	\$17,590

At this point, Mr. Conroy called for any questions concerning these over-expenditures, noting that the only really big over-expenditure related to the municipal parking lot, which was a capital project. John Cagnina asked about repairs to the parking lot that had to be done before the project was finished. Mr. Conroy responded that those repairs came to between \$12,000 and \$15,000. There were a couple of questions regarding specific lines that were answered to the satisfaction of the questioners. John Cagnina made a motion to approve the over-expenditures. The motion was seconded by Bob Pettus. **The motion was unanimously approved.**

Agenda Item #4 To take action to set the budget for the period July 1, 2008 through June 30, 2009. To provide some background for the budget items that will be voted on, Mr. Conroy asked that we start with page 3 of the main hand out and allow him the time to talk to the Capital Funds Plan for the coming fiscal year 2008-2009.

With regard to the Ambler Project/Parking Lot, Mr. Conroy explained that Ambler is the word that we use to actually describe more than one piece of property because the property was split up. The Ambler historic house, which was sold by the District, was recently closed on near the end of February. The District received \$551K in total of all monies which included the down payment by the first bidder which was retained by the District after his bid was withdrawn. This amount was the net amount received after all the expenses were discounted. We had asked for bids without setting an asking price. The high bidder was \$675K. That bidder asked for extensions while he dealt with some personal issues. Those extensions were given. Unfortunately, we were not able to proceed after that point to a complete sale. At a certain point, the Commissioners declared the first bidder in default, after consultation with counsel. The second bidder in line was approached and asked if there was still interest, which was not the case since that bidder had already purchased another property. The third and fourth bidders expressed some interest. However, after a short period of time, bidder #3 withdrew his original bid and the offer from the fourth bidder was accepted. The accepted bid of the fourth bidder was substantially less than the original offer of the first bidder. The first bidder, having been declared in default, forfeited his 10% deposit which was retained

ANNUAL BUDGET MINUTES

March 5, 2008

Page Three

by the District. That 10% was added to the amount from the successful bidder. However, this still left us about \$125K less than we had expected to realize from the sale of the Ambler property. We didn't change our bonding. So we have less proceeds from the sale of the property with which to fund projects planned. Referring to page 3 of the hand out, Mr. Conroy pointed out that the right column labeled "proposed FY2008-09" contains a lot of negative numbers. That is because Mr. Conroy doesn't believe we will have the money to accomplish these projects in the coming fiscal year. Mr. Conroy feels that we need to de-authorize the spending of those funds. The Commissioners can't move forward with these projects without the funds to do so. Therefore, they have prioritized the projects which they feel are the most important to be accomplished. Based on that prioritization, you will notice that some expenditures have been eliminated, some have been reduced and some have been retained as originally approved.

Under the category of the Community Center, of the \$11,500 originally approved, the Commissioners are recommending de-authorization of \$7.5K for a kitchen modernization but feel that the \$4K for the oil tank repair is essential. In that case, \$7.5K of the original \$11,500 needs to be de-authorized.

Under the Fire Department category, a portion of the originally approved funding was for \$10K to purchase a new fire hose. This amount is going to be matched for a total of \$20K for the purchase of the hose. The Commissioners felt that it was important to keep this amount in the proposed budget for fiscal year 2008-09, but that the remaining \$40K previously approved should be de-authorized.

The seawall and Pinkney House repairs which had been planned have been held up. It is felt that these projects have a high priority and it is felt that we can move forward in this coming fiscal year. The breakdown is that \$150K would be set aside for the seawall repair and \$100K for the repairs to the buildings. We may be getting a grant to help with the seawall. If we do receive the grant, that would reduce our overall expenditures. Of course, there may be unforeseen expenditures related to the repair of the seawall.

The Commissioners felt it was important to keep our commitment and to fund the open space access (Farm Creek) as promised.

The net effect is that we will need \$47,500 for capital funding which we can fund with our surplus. Unfortunately, we just don't have the money to fund the things that we are asking to be de-authorized.

A question was asked about our bonded debt. Mr. Conroy responded that we have \$719K as of June 30, 2007. Mr. Conroy's plan pays down \$200K of that debt in a
ANNUAL BUDGET MINUTES

March 5, 2008

Page Four

lump sum. That would leave us between the high \$400K to low \$500K in bonded debt. Ernst deFlines asked about the bonds outstanding. Mr. Conroy responded that we have four bonds in the mid to high \$400K. The last bond that we have started out as short term funding, but it has been switched over to long term funding. Mr. Barbis spoke up to clarify saying that our original plan for the current year was to close on the Ambler property on February 19 for the sale price of \$675K. Since that sale did not go through, we are now receiving \$551K for the property which leaves us \$124K short of where we thought we would be. That is why we are asking to have the previously approved funds be de-authorized in the areas and amounts mentioned before by Mr. Conroy. Those items are also itemized on page 3 of the hand-out. Our plan was for \$245K in debt reduction this year, but we are only planning now on \$200K in debt reduction. So that is why we've taken some reductions in the areas mentioned and are trying to stick to our debt reduction plan as much as we can. The operating impact is, in this fiscal year, about a negative \$35K. **The recommended de-authorizations were approved.**

On to the proposed District budget for fiscal year 2008-09, Mr. Conroy said that we would be discussing and voting on the budget groups as was done last year, rather than go line by line. There is one area that we do differently than does the City of Norwalk, and that is that we generate surpluses where they are and that is the way we are able to fund certain projects. As a rule, we don't bond for certain projects that can be paid for from our surplus. We like to pay as we go. These surpluses are reflected at the bottom of page 2 of the hand out as "fund balances". The auditors insist that we approve those as well if we insist on carrying surpluses.

Agenda Item # 4 To take action to set the budget for the period July 1, 2008 through June 30, 2009. Mr. Law presented the following line items.

REVENUE:

Appropriated Tax Revenue, subtotal Net Property Taxes increased by 9.4% from \$1,082,190 (FY2007-08) to \$1,183,392 (FY2008-09), and

Appropriated Other Revenue, subtotal of Other Revenue decreased by 16.1% from \$99,470 (FY2007-08) to \$83,420 (FY2008-09).

John Cagnina had a question about the \$2,500 "Camp rental fees" line. It was explained that this was income as the rental fee for the Sports Camps operated by Scott Whiteman, the pro for the Rowayton Tennis Association. A motion was made by Bob Pettus and seconded by Seeley Hubbard to approve these proposed 2008-2009 line items in the amounts of \$1,183,392 and \$83,420, respectively.

Unanimously approved.

REVENUE RECAP:

With a Grand Total Net Revenue increased by 7.2% from \$1,181,660

ANNUAL BUDGET MINUTES

(FY2007-08) to \$1,266,812 (FY2008-09)

A motion was made by Barbara Dutton and seconded by Marny Smith to approve the proposed FY2008-09 line item in the amount of \$1,266,812. **Unanimously approved.**

EXPENDITURES:

General government support decreased by 2.5% from \$118,585 (FY2007-08) to \$115,650 (FY2008-09). A motion was made by Midge Kennedy and seconded by Pete Scull to approve the proposed FY2008-09 line item in the amount of \$115,650. **Unanimously approved.**

Public Safety decreased by 11.8% from \$70,646 (FY2007-08) to \$62,330 (FY2008-09). A motion was made by Midge Kennedy and seconded by Megan St. John to approve the proposed FY2008-09 line item in the amount of \$62,300. **Unanimously approved.**

Transportation increased by 13.3% from \$7,500 (FY2007-08) to \$8,500 (FY2008-09). A motion was made by Bob Pettus and seconded by Barbara Dutton to approve the proposed FY2008-09 line item in the amount of \$8,500.

Culture and Recreation was decreased by 6.6% from \$266,594 (FY2007-08) to \$248,905 (FY2008-09). There were some questions related to Bayley Beach. Mr. Conroy stated that the repairs to the pavilion came out of capital funding and not the operating budget. A motion was made by Anne Cagnina and seconded by Midge Kennedy to approve the proposed FY2008-09 line item in the amount of \$266,594. **Unanimously approved.**

Home and community service was increased by 3.9% from \$401,540 (FY2007-08) to \$417,000 (FY2008-09). Bob Pettus mentioned that during winter months, especially, when there is a Monday holiday, there is no collection of refuse on Wednesdays. Mrs. Langalis said that she will see that Mr. Pettus' concern is directed to the appropriate department. Mr. Conroy explained that the contracts that the city has with garbage and refuse collectors is coming to a close soon. He is hopeful that we will actually see a reduction in tipping fees in the future. He expects that there will be a 1/3 decrease in those fees from what we now pay. A motion was made by Tia Sidey and seconded by Midge Kennedy to approve the proposed FY2008-09 line item in the amount of \$417,000. **Unanimously approved.**

Payroll was increased by 6.4% from \$216,506 (FY2007-08) to \$230,340 (FY2008-09). A motion was made by Midge Kennedy and seconded by Marny Smith to approve the proposed FY2008-09 line item in the amount

of \$230,340. **Unanimously approved.**

Less Grants was decreased by 31.8% from \$22,000 (FY2007-08) to \$15,000 (FY2008-09). There was a motion made by John Cagnina and seconded by Bob Pettus to de-authorize the expenditure of \$10,000 to the RCA for the fireworks display. A lively discussion ensued with Mr. Cagnina and Mr. Pettus explaining their rationale for their motion by saying that they thought it imprudent to spend \$10,000 on an item that would be used up in about 15 minutes when we were de-authorizing many other expenditures. They feel that the fireworks should be funded by donations of residents. Mr. Barbis explained the rationale behind the RCA request for the \$10K funding by saying that the expenses of the fireworks have gone up each year with more safety requirements, including the employment of more police, and that the \$10K asked of the District came nowhere near covering the total expense. The RCA is in a bit of a bind since they are unable to have their major fund raising event (Comedy Night) this year. Seeley Hubbard noted that the total cost of the fireworks is around \$75K out of an RCA budget of \$105K. The RCA relies on support from many clubs, associations, businesses and residents as well as the 6th Taxing District for helping to fund this event. Mr. Cagnina merely questions if this is an appropriate expenditure of the District's funds. Mr. Kweskin noted that this community is one of many volunteers. In order to enhance the lifestyle of our community, we do expect to receive requests from various organizations for funds which the District is happy to help when it can. He feels that we validate the long hours of work of volunteers by supporting their various efforts. Last year we gave the RCA \$15K, \$10K for the fireworks and \$5K for the holiday lights. There is no need for the light expense this year, so we will be giving them less than usual. Since what the RCA is asking of the District represents less than 1% of our budget, he feels that not granting their request would send a negative message to the RCA. Mr. Law remarked that when he was president of the RCA some years ago and the fireworks display had been suspended, he felt very bad since so many people were so upset. Mrs. Langalis remarked that, in the spirit of what Mr. Kweskin had said, she feels that you can't really put a price tag on the morale of the community. She feels that if there were no fireworks display, the community spirit would suffer. A vote was called on the motion made by Mr. Cagnina and failed to gain approval. A motion was made by Midge Kennedy and seconded by Woody Woodworth to approve the proposed line item in the amount of \$15,000. **Approved.**

Debt service has increased by 5.5% from \$54,776 (FY2007-08) to \$57,761 (FY2008-09). A motion was made by Barbara Dutton and seconded by Tammy Langalis to approve the line item in the amount of \$57,761. **Unanimously approved.**

ANNUAL BUDGET MEETING

March 5, 2008

Page Seven

Total expenditures have decreased by 0.2% from \$1,158,146 (FY2007-08) to \$1,155,486 (FY2008-09) and the excess of revenue over expenditures increased by \$373.5% from \$23,514 (FY2007-08) to \$111,326 (FY2008-09). A motion was made by Midge Kennedy and seconded by Tia Sidey to approve the total expenditures for the Fiscal Year 2008-09 in the amount of \$1,155,486 and to approve the excess of revenue over expenditures for the Fiscal Year 2008-09 in the amount of \$111,326. **Unanimously approved.**

Agenda Item # 5 To appropriate funds for the period July 1, 2008 through June 30, 2009 to cover District expenditures, bonding and transfers in support of capital improvements, and to recover remaining balances from certain capital accounts.

At this point Mr. Conroy explained that although we budgeted \$245,000 in Fiscal Year 2007-08 for bond pay down in connection with the Ambler property, in actuality we will pay down \$200,000. However, we are still doing the bulk of the bond pay down as we planned.

John Cagnina asked for an explanation of any consideration the district is receiving in regards to a right of way across the Norwalk Land Trust (Farm Creek) property. It was explained that we have an access easement in perpetuity from sun up to ½ hour after sundown to access any of the property. We have no responsibility at all for any maintenance of the said property. Anne Cagnina spoke about the public access to the property which is provided by the Land Trust and is in the spirit of the purchase of the land. Marny Smith clarified the issue by saying that the property is a nature preserve. The Land Trust has received a \$500,000 grant from the state. There will, of course, be public access allowed. However, in practice, there is limited parking and the space would more likely be accessible to walkers and bikers. Mr. Kweskin offered his and the Commission's congratulations to Marny, Seeley Hubbard, Pete Scull and others too numerous to mention on the successful campaign to raise the funds necessary to purchase this property and to keep it free from development. It is a very valuable asset to the District as well as to generations to come. Tia Sidey thanked the District for the \$250,000 donation towards this cause, \$125,000 of which has already been given towards the project and the second installment of \$125,000 to be disbursed in the next fiscal year.

Mr. Conroy summarized the estimated fund balances at the end of the Fiscal Year 2007-08 as being \$201,801.

John Cagnina made a motion which was seconded by Midge Kennedy to appropriate the funds for the period July 1, 2008 through June 30, 2009 to cover District expenditures, bonding and transfers in support of capital improvements, and to

ANNUAL BUDGET MINUTES

recover remaining balances from certain capital accounts. **Unanimously approved.**

At this point, Mr. Kweskin brought up the subject of the seawall at Pinkney Park. Mr. Kweskin turned the meeting over to Jack Robson, District Administrator, to explain the project. Mr. Robson noted that the seawall has collapsed in one area. There have been engineers' evaluations of the repair needed. The District has obtained a certificate of permission to repair the wall and a survey has been done. One engineering evaluation noted that the wall was in serious need of repair. The unstable footing was noted and precluded an attempt to save the wall without a major repair. Another engineering evaluation was in complete agreement. The District is entertaining, after careful consideration of many more bids, the bids of two qualified marine contractors.

The District's engineering consultant who was present to explain some of the issues and to answer any questions said that he had evaluated the completed questionnaires received from these two contractors and has had meetings with both of them. The consultant commented that some of these older walls that are around might be referred to as "non-engineered" walls and would not meet the requirements of such construction today. To replace a wall such as this is a bit easier to do than to try to repair the existing wall. We spoke to a number of contractors who had submitted a wide range of bids to do the work. To give you some idea of the range of these bids, they went from one bid slightly in excess of \$400K to one just under \$100K. There are, necessarily, a lot of factors that go into the decision of choosing a firm to do the work. Besides the financial issues, we need to be aware of the surrounding environment. For one thing, we would be working on a protected waterfront in a tidal zone, which is tricky in and of itself. The EPA will be involved and will monitor the work as it progresses. Obviously, some of the bids did not include everything required for the job. Therefore, it was necessary to really comb through the bids to determine what was and was not included. There will be a need to work in small areas at a time. The District is aware of trying to keep the mess and unsightliness to a minimum during the work. The cost of the job will, of course, be reflected in the requirements of how the work must be done. We want to be sure that we get all that for which we contract to pay. The EPA is very specific as to what needs to be protected during the work. They would be inspecting on a regular basis. This requirement impacts the choice of which bid to accept. We have to be comfortable that the firm awarded the contract would be able to work within all the parameters required. Mr. Robson said that he favored contracting with a marine contractor because of their expertise in the type of job we have. Some of the other bids might look more attractive price wise, but some of them don't include things such as landscaping, grading, etc. that would be necessary to finish the job. A bid of \$400,000 from one of the marine contractors would ensure the entire job

ANNUAL BUDGET MINUTES

March 5, 2008

Page Nine

would be done in a professional and very complete manner. In answer to a question as to how long such a wall should last, Mr. Robson answered that it should last longer than 100 years. The wall that is there now is more than 70 years old. Bob Pettus asked if the wall would be a “dry wall”. The answer was that there would need to be mortar on the back face to protect from seepage. However, the front face of the wall would give the appearance of a dry wall since the mortar would be hidden more toward the inside. There would be a 10” curtain drain behind the wall and provisions would be made to handle ground water so it would not cause any problems with the wall. Mr. Pettus was concerned that the material at the top of the wall be secured so that it could not be kicked off. Mr. Robson asked the consultant to explain the difference there would be between working with a marine contractor and working with a mason. The answer was that the marine contractors have more experience working in the environment of the coast (though in a fairly well protected position) and in a tidal situation. However all the contractors are qualified to do the job. If a mason would be the winning bidder, there would perhaps be a need for more careful inspection of the job as it progressed. Mr. Robson noted that there is still a lot to investigate and that we aren’t in a position to recommend a certain contractor right now. Mr. Kweskin said that it is the Commissioners job to choose the lowest responsible bidder that we feel is qualified and that would do a good job. He suggested that we might save a lot of money by going with a lower bidder if that contractor were closely supervised. Our consultant agreed that it would be worthwhile to look more closely at some of the lower bidders. The Commission might consider a performance bond if we do go with one of the lower bidders. Mr. Robson said that he wouldn’t feel confident recommending any of the contractors without inspecting some of the work that they have done in the past. Mrs. Langalis asked if all the bidders were given the same set of drawings, were approached in the same manner and were all asked the same questions. She was assured that they all did have the same information, etc. Mr. Pettus suggested that in accepting one contractor, he might be subbing out the masonry work, for instance, and that that might add another layer of cost. He suggested that we might want to act as our own general contractor and to sub out the work. Mr. Kweskin answered by saying that that was how we worked it on the Ambler property and that it was a nightmare. We would definitely need a “project manager”, which could increase our costs nearly to the original amount.

A question of the disparity in the amounts of the different bids was partially clarified by Mr. Robson who said that by renegotiating and finding other ways to do things, the high bidder in excess of \$400K has now gotten his price down to \$295K.

Another comment from the floor asked about having something bad happen and the possible liability of the District. If the bad things happening were related in some way to requirements of the EPA, the District would be liable. A question of scheduling was

ANNUAL BUDGET MINUTES

March 5, 2008
Page Ten

brought up, i.e. could it be finished by Memorial Day? The answer was that if not, we would probably try to wait until after Labor Day to go forward with the project.

Mr. Kweskin noted that all of this information was made available at this meeting so that all of you may be made aware of the financial magnitude of the project. And, since the bids were so dissimilar, we wanted you to know of all the implications of considering this project. We want to assure you that whatever decision is made by the Commission, it is not taken lightly but is made considering all of the ramifications of the various bids. After studying all of these bids, the Commissioners will make the best decision possible given the information that has been made available.

Agenda Item #6 To fix the date of the next Annual Budget Meeting of the District which the Commissioners propose be held on March 4, 2009 immediately following the Annual Meeting to be held at 7:30 p.m. that same date. A motion was made by Midge Kennedy and seconded by Tammy Langalis to set the date of the next Annual Meeting for March 4, 2009 at 7:30 p.m. to be followed immediately by the Annual Budget Meeting. **Unanimously approved.**

A motion to adjourn the Annual Meeting and Annual Budget Meeting was made by Dan Scovell and seconded by Barbara Dutton. **Unanimously approved.**

The meeting was adjourned at 9:50 p.m.

Respectfully submitted,
Andrea Woodworth
Clerk, 6th Taxing District