

Common Council Actions

COMMON COUNCIL

ACTION

SPECIAL MEETING

MARCH 18, 2003

NOTICE IS HEREBY GIVEN THAT A SPECIAL MEETING OF THE COMMON COUNCIL OF THE CITY OF NORWALK IS HEREBY CALLED AND WILL BE HELD ON **TUESDAY, MARCH 18, 2003 AT 8:00PM EST** IN THE COUNCIL CHAMBERS AT NORWALK CITY HALL, 125 EAST AVENUE, NORWALK, FOR THE FOLLOWING PURPOSES TO WIT:

The special meeting of the Common Council of the City of Norwalk was held on Tuesday, March 18, 2003 in the Common Council Chambers, City Hall, 125 East Avenue, Norwalk, Connecticut. The Mayor, Alex Knopp called the meeting to order at 8:05pm.

I. ROLL CALL

Betsy Bain	Jeanette Olmstead-Sawyer
Kenneth Baker	Christopher Perone
Fred Bondi	Kevin Poruban
Barbara Hudgins	Judith Rivas
William Krummel	Douglas Sutton
Bruce Kimmel	Peter Wien (8.07pm)
Joseph Mann	William Wrenn
Matthew Miklave	

Fourteen (14) members were present at Roll Call.

II. ACCEPTANCE OF THE CALL OF THE MEETING

Ms. Roman read the Call of the Meeting.

Mr. Wien joined the meeting at 8.07pm.

**** MR. MIKLAVE MOVED TO ACCEPT THE CALL OF THE MEETING.**

**** MOTION PASSED UNANIMOUSLY BY VOICE VOTE.**

III. MAYOR

Appointment: Reappoint Tax Collector, Lisa Biagiarelli

The Mayor announced that it was his great pleasure to reappoint Lisa Biagiarelli for a new term. He said that Norwalk has an outstanding record in its tax collection and is due to the efforts of Ms. Biagiarelli to collect taxes that are due and to reduce to the tax burden. Mayor Knopp explained that Ms. Biagiarelli is a prominent member of the State Wide Tax Association and has improved the local enforcement and added that he has a great admiration for her new ideas. He thanked and congratulated her on doing a terrific job.

Mr. Kimmel said over the last three years since Ms. Biagiarelli became the tax collector there were many positive changes, in the material they were provided with, her ability to answer questions and anything they requested she has always been able to provide; he wanted her to know how much he appreciated this. He said what is generally not understood is how much is revenue she has generated for the city and how this has helped with the budget process. He added that she is a great addition to the city staff.

Mr. Bondi echoed the comments of Mr. Kimmel and stated that he has had the pleasure of working with Ms. Biagiarelli over the last couple of months and stated she is very professional and has done a tremendous job.

Mr. Miklave also echoed the comments of his colleagues in agreeing with the professionalism of Ms. Biagiarelli; he thanked her for her support.

Ms. Rivas said Ms. Biagiarelli is not afraid of trying new things and stated that she has really made a difference.

**** MOTION PASSED UNANIMOUSLY BY VOICE VOTE.**

IV. FINANCE COMMITTEE

- 1. APPROVE** the attached resolution authorizing the City to impose an additional conveyance tax "at the rate of one-fourth of one percent of the consideration for the interest in real

property conveyed" according to Section 40(c) of the Amendment to House Bill 6495. The text of the resolution is attached.

**** MR. KIMMEL MOVED APPROVAL OF THE ITEM.**

Mr. Kimmel stated that this matter has been discussed and there was a public hearing. He stated for the record that by approving this it will enable them to have another \$1.9 million in revenue. He added that this is a one shot deal; a temporary measure that will begin this June 2003 and will end next June 2004. Mr. Kimmel noted that what is important to him about this is that without it they would have to make up the \$1.9 in property taxes. He said he understood that this is a hardship on those selling their properties, but reiterated that this is a temporary measure and was in support of it.

Mr. Miklave stated that he was supporting this measure, as it is the lesser of the choices presented to them. He explained that the amount of money raised by this increase is the equivalent of thirty eight teachers; so they were stuck with the prospect of eliminating thirty eight teachers, raising the property taxes further than they have to be raised or to increase the conveyance tax. Mr. Miklave said that the Legislature has authorized them to raise the conveyance tax on a short term basis and said this is the lesser of the other choices.

Mayor Knopp stated that Connecticut is the fourth highest state to rely on property taxes and that the property tax is the most unfair tax because it is not based on the ability to pay. He continued to say that the General Assembly and Governor have reduced state aid to Norwalk by 30%, they are now receiving \$7 million less from the state (annually). The Legislature has proposed a municipal option on the conveyance tax to help the state's urban areas for his short fall. Mayor Knopp said this is the lesser of two evils and it is by no means the best way to help the municipalities' revenue, however the municipalities in Connecticut under state law can only do what the state enables them to do and he could see no other option but to take advantage of this Legislative option and adopt it. He concluded by saying that he reluctantly supports this so Norwalk does not have to rely so exclusively on property taxes and hoped the Legislature in the future will find a more fair way to diversify the revenue.

**** MOTION PASSED UNANIMOUSLY BY VOICE VOTE.**

2. APPROVE the attached resolution authorizing the City to levy a tax on certain new manufacturing machinery, equipment and trucks according to Section 53 of the Amendment to House Bill 6495. The text of the resolution is attached.

**** MR. KIMMEL MOVED APPROVAL OF THE ITEM.**

Mr. Kimmel said he would like to thank the Finance Department and asked Mr. Miller to give a brief description of the current situation.

Mr. Miller said that the state used to reimburse Norwalk for 100% of manufacturer's inventory, machinery, equipment and trucks; they would not be able to tax for it so the state would reimburse them for the loss of revenue. Mr. Miller said they had anticipated for the current year to receive \$1.3 million as this has been a program that has been in place for some time. However, changes were made to the program and Norwalk was told it would receive 80% reimbursement, this was further reduced so that Norwalk will now receive a little over \$661,000. Mr. Miller said what the General Assembly has allowed them to do is to levy a tax (for one year) on the exempted property for a portion of the loss. He said the best information they have been able to obtain at this time is that the maximum they can collect is \$379,038 (by taking the 80% of the total original reimbursement of \$1.3 million that equals \$1,040,187 minus \$661,149 equaling \$379,038).

Mr. Miller said what they are proposing is to ask the Council to initiate that tax. He said next year the Governor has proposed an additional 18% reduction, so now they are anticipating \$542,142, by initiated in the tax they are able to make up for the additional loss they will experience.

Mr. Kimmel asked what number they will be able to generate with this. Mr. Miller replied that to the best of his knowledge that it will be \$379,038.

Mr. Miklave asked Mr. Miller what he budgeted for in the current year. Mr. Miller replied \$1.3 million.

Mr. Miklave confirmed that they now expect to receive \$661,000 and if this tax were adopted how much would they be able to budget for. Mr. Miller explained that these numbers are always changing, so from the best information they have at the time, they had anticipated receiving almost \$890,000 but now the number has been reduced to \$542,142. He explained that they are getting from the state \$661,000 but for 2004 cuts of 18% will be made leaving the figure of \$542,142.

Mayor Knopp stated that this is not a new tax at all. The City of Norwalk and every other municipality taxed 100% of the assessed value from manufacturing equipment. In the early 1990's the Governor at the time decided he wanted to promote economic investment in the urban areas (which tend to have a higher mill rate than the suburban areas), and what they proposed to do was to have the state pay 100% of the property taxes for five years on newly purchased manufacturing equipment. He explained that Governor Rowland changed that by saying he would only, in the future, reimburse cities and towns 80% of the taxes and forbid the municipalities to re-impose their former taxes of the 20% that they would not reimburse. Mayor Knopp stated that this is outrageous because what it does is to require every homeowner in Norwalk to pay higher property taxes because they are now paying part of the property tax owed by manufacturers. He said the point is that this is a state responsibility and the funding should not be imposed unfairly on urban areas just because manufacturing is located there.

Mayor Knopp stated that they are not imposing a new tax on manufacturers, they are simply allowed by the Legislature to collect part of the tax that they have always collected and in the past have been reimbursed for not collecting them. He said to him this is not a good tax, it is an effort to provide municipalities with a portion of what they used to collect and yet it still requires every Norwalk resident to pay higher taxes.

Ms. Bain asked how do they determine how to tax; is there a limit or a cap on what they can collect.

Mr. Miller said the simplest and easiest way is to take the \$347,058 and divide it by the total grant list of the property and you end up with a mill rate.

Mayor Knopp explained the taxation system in Norwalk that takes place.

Mr. Kimmel asked if this was permanent. Mr. Miller replied that it was for one year.

Mr. Miklave said when talking about the tax levy, he asked is the machinery exempt from taxes for a designated period of time. Mr. Miller said there are different types of programs. The Mayor added that there is a five year abatement period.

Mr. Wrenn asked about the shortfall for this year and asked what they could do to re-coupe any of the losses. Mr. Miller said they would have to absorb the losses. He added that if they do not do this then the budget they have transmitted is going to be short so there is a hole that they have to address now.

Mr. Miklave stated that he had in fact voted against this before; but the consequences of having a hole in the budget is more distasteful and so he would reluctantly vote in favor of it.

Mr. Kimmel said he would support this, although some of the details are fuzzy. The hole would otherwise have to be filled with property taxes.

Rev. Olmstead-Sawyer said this addressed next year's budget. The Mayor said that was correct.

Mr. Wien said as distasteful he finds the idea of new taxes, he has seen how the state has pulled back on Norwalk and this shows how the city can take care of itself.

**** MOTION PASSED UNANIMOUSLY BY VOICE VOTE.**

3. Receive Transmittal from Board of Estimate and Taxation on the Fiscal Year

2003-04 Operating Budget and Determine Budget Cap.

Mr. Kimmel stated that because of the item they just discussed there may be some adjustments and therefore moved the following amended resolution:

**** MR. KIMMEL MOVED: WHEREAS, SECTION I-289 OF THE NORWALK CHARTER REQUIRES THAT A MAJORITY OF THE COMMON COUNCIL VOTE TO ESTABLISH A SPECIFIC SPENDING LIMITATION ON LOCALLY FUNDED EXPENDITURES DURING THE PROCESS OF ESTABLISHING THE NEXT FISCAL YEAR'S OPERATING BUDGET.**

NOW, THEREFORE, BE IT RESOLVED BY THE COMMON COUNCIL OF THE CITY OF NORWALK THAT:

THE MAXIMUM LIMIT ON TOTAL APPROPRIATIONS FOR THE CITY OF NORWALK FOR FISCAL YEAR BEGINNING JULY 1, 2003, SHALL BE NO MORE THAN \$195,565,321. THE APPROPRIATIONS CAP REPRESENTS TOTAL EXPENDITURES OF \$212,189,688 LESS ESTIMATED INTERGOVERNMENTAL GRANTS OF \$16,624,367. THIS CAP AMOUNT IS AN INCREASE OF \$5,057,546 OVER THE INITIAL PLACEHOLDER CAP ESTABLISHED ON JANUARY 28, 2003. THIS RESOLUTION REQUIRES A TWO-THIRDS AFFIRMATIVE VOTE OF THE COUNCIL.

BE IT FURTHER RESOLVED THAT THE RESULT OF THIS VOTE AND RESOLUTION, TOGETHER WITH THE ATTACHED 2003-04 BUDGET GUIDE, BE FORWARDED TO THE CLERK OF THE CITY OF NORWALK TO THE BOARD OF ESTIMATE AND TAXATION.

Mr. Kimmel said this is his sixth time around of working on the budget and he has never seen so many departments work so hard for so many hours to come up with a budget in such difficult economic times. He thanked the Finance Department, the Mayor's Office, the Board of Estimate and Taxation for all of the work they have put in, as well as the department heads and the Board of Education and the Council as a whole. He added that this is a great example of city departments working together to deal with a very difficult situation.

Mr. Kimmel noted his concern about the amount of money allocated for the Board of Education (3.5% increase) and hoped that in the weeks to come the Board of Estimate and Taxation can look for other ways to deal with this. He said he would be much more comfortable if the budget for the Board of Education is closer 4%. He added that he hoped that when the Board of Education look at their budget reconciliation process that they make every effort to preserve the early childhood literacy program and the curriculum initiative; he said these two initiatives are key.

Mayor Knopp thanked Mr. Farstrup, the new chairman of the Board of Estimate of Taxation for producing a very defensive product during a very difficult time. He said he has referred to this budget as Code Red and it has also been referred to by many as the

worse budget since World War II due to the decline in state revenue, impact of the recession, the collapse of the stock market and the soaring health care costs. He indicated that he has recommended expenditure cuts that are less than those recommended by President Bush, Governor Rowland and the former Mayor Esposito in his last four years of office and noted that the tax levy is no way related to excessive spending in the city.

Mayor Knopp said he wished to indicate that there was a fundamental misconception expressed during the public hearing last Wednesday and that misconception was that the Board would have no option but to cut essential services to children. He stated that this is fundamentally flawed and added that there are many things they can do without hurting the education system. The outrageous threat that all kindergarten would go to a half day and that roof repairs would be postponed are simply uncalled for. Mayor Knopp said he hoped the Board would look at different cost saving options for the Board of Education and gave examples of joining a POS healthcare plan saving, an early retirement program and medical cost sharing. He said all cost saving measures will be exhausted before any consideration will be given to any more dire alternatives.

Ms. Bain said as a former member of the Board of Education and having gone through the budget reconciliation process she concurred that all options will be explored but added that there is also the reality that if the unions do not choose to come back to the table they have no legal recourse to do anything else. It is best to reach out to the unions with the understanding that certain things are out of control with regard to some of the options that have been sited.

Mayor Knopp said he thought Ms. Bain's statement is correct but his main concern was during the public hearing, there was a misconception that there were no alternatives that could be made.

The Mayor said there were several speakers that night, and he wished to commend the president of the PTO, DJ Carey and the head of the Norwalk Education Foundation Ms. DeAngelis who both asked the city to examine the budget but they also asked the unions to resolve this.

Ms. Bain said she definitely concurred but said it is only fair to point out the difficulties the Board of Education could run into taking into the account the history of negotiations with teachers' contracts.

**** MOTION PASSED UNANIMOUSLY BY VOICE VOTE.**

V. PERSONNEL

1. Approve the Agreement between AFSCME 2405 and the City on the Combined Dispatcher Personnel

**** MR. SUTTON MOVED APPROVAL OF THE ITEM.**

Mr. Sutton pointed out that during their last personnel meeting this item was discussed and that it would enhance the ability to respond as well as to increase the efficiency of the system.

Mayor Knopp indicated that Mr. Ciccarello pointed out an error in the agreement on page 2, paragraph, subsection a – he stated that it should read 44.4.

Mayor Knopp thanked Mr. Sutton for moving on this so quickly and said this is one of the most important reforms that the Council will have adopted. It will make Norwalk safer and in the long term they will reduce costs. He also pointed out that once this has become established they will be able to access a \$90,000 state grant to help pay of the hiring of a co-coordinator.

**** MOTION PASSED UNANIMOUSLY BY VOICE VOTE.**

VI. ADJOURNMENT

**** MR. BAKER MOVED TO ADJOURN**

**** MOTION PASSED UNANIMOUSLY BY VOICE VOTE.**

The meeting was adjourned at 9:00pm.

ATTEST: _____

Mary Roman, Assistant City Clerk