COMMON COUNCIL
Special Work Session
April 25, 2002

Mayor Marylou Stewart presided at a special budget planning work session of the Common Council held at 6:30 PM on April 25, 2002, at One Court Plaza.

Present:
Mayor Marylou Stewart
Ald. Gary Clark
Ald. Patrick McNeil
Ald. Robert Rabinowitz
Ald. Jeffrey Thornton
Ald. Sharon Jeffer
Ald. Joseph Biviano

Also:
Director of Finance William Roberts
Police Chief Joseph Angelino

Mayor Stewart called the meeting to order at 6:40 PM. Prior to discussing budget and planning issues, Ald. Jeffer expressed an opening comment on the importance of stressing a positive attitude and focus on the attractive and nice area that Norwich represents. Ald. Rabinowitz stated his budget philosophy regarding past practices of building a box within which the budget must be forced. He stated that instead it should be developed based on what is needed to effectively conduct next year's business, with important but non-essential features being added according to fiscal capabilities. Also, reserves critical to future long-term needs should be adequately funded. Ald. McNeil commented that he has spoken with people who would like to retire in Norwich, based on what it offers as a safe, comfortable, quality community. He noted that City taxes are the smallest portion of the total real property tax cost, and that the quality of the community should be maintained at the lowest possible cost but not be sacrificed arbitrarily. Ald. Biviano stated that high credit is due the Fire Chief for managing the department, particularly with respect to supporting the volunteers. He said that the volunteers have a very positive outlook and provide an excellent example to follow.

Following the opening comments, Mayor Stewart turned the meeting over to Finance Director W. Roberts. He referred to a four-page handout which summarized the General Fund financial status and future projections. He briefly reviewed last year's 2002 budgeting parameters and development, and the extended projections through 2005. He also summarized the outcome for 2001, which resulted in a year-end total fund equity of $1,243,261 (excluding capital reserves) that was approximately $300,000 better than originally estimated. He mentioned that the major concerns last November had dealt with sales taxes and State revenue sharing on the revenue side, and with substantially reduced funding for capital reserves and equipment on the expenditures side.

W. Roberts updated the Council on sales taxes, which were $77,000 higher than originally estimated for 2001, and for the first three months of 2002 they are ahead of the same point last year by $37,000. He stressed however, that it is far too soon to draw any conclusions for the remainder of the year. Meanwhile, the Governor's executive budget has provided for the same level of revenue sharing in 2002, as projected in the City's 2002 budget. Overall, revenues are generally on track but will need to be followed closely throughout the year. Mayor Stewart pointed out that the extended projections for property taxes are based on no change in taxable assessed values. W. Roberts said that he had discussed the upcoming tentative assessment roll with City Assessor S. Harris earlier in the day. A net decrease is anticipated, and he will advise the Council as soon as details become available next week.

Attention was then drawn to expenditures. It was pointed out that in order to stay within last year's parameters of no more than a 3% tax levy increase and a three years' projection with no subsequent spikes in the tax levy, it was necessary to significantly curtail capital reserves funding and keep non-personnel expenditures relatively flat. Since many concerns still remain in this regard, an alternative set of three-year projections have been prepared to illustrate the property tax impact if assumptions are made to provide higher amounts. The alternative projections also include higher amounts for general property and liability insurance, management information systems, emergency squad equipment, and general inflationary cost increases at 2% per year over 2001. Additional concerns were also expressed with respect to the adequacy of unchanged amounts for employee benefits (health insurance), and lower transportation (DPW) costs based on the 2001 year which was an unusually low-cost year (particularly for weather-related).

W. Roberts then referred to the higher levels of appropriated fund balance in each of the three years of alternative projections to cover increased capital reserves funding, and the corresponding reduction in fund balance to $447,728 by the end of 2005. Using the original projections, the fund balance at the end of 2005 would be $640,253. He next reviewed the property tax impact of the alternate assumptions, which showed annual increases in the property tax rate of 7.0%, 11.4%, and 10.0%, for 2003, 2004, and 2005 respectively, compared to the original projections of 6.8%, 5.8%, and 5.5%. Regarding capital reserves, he mentioned that the Fire Chief has discussed alternative options for used equipment, and he is reworking long-term needs estimates which could result in significantly reduced costs.

Extensive and lengthy discussion followed, involving debate on appropriate goals and parameters for establishing adequate levels for capital reserves and operational funding, while keeping tax rate changes within an acceptable range. Regarding direction for department heads in preparation of the 2003 budget, a consensus on specific parameters was not achieved. However, it was agreed that an essential needs only basis should continued to be followed. Ald. Biviano advised that department heads should press to look for more revenues wherever possible. Ald. Clark asked that the capital projections be reworked for fire, ambulance, and highway to determine what effects they may have, and that revenues be closely monitored going forward. Meanwhile, he felt the cumulative effect on tax rates of the above three years alternative projections at 31% was not an acceptable outcome. Ald. Thornton stated that he feels the rate should be kept at an annual increase of 3% or less, with Ald. Clark concurring. Ald. McNeil addressed the issue of whether that should involve personnel cuts. Ald. Thornton felt that the limit should be achieved by whatever it takes to accomplish it, later adding that if personnel cuts were necessary then they would be part of whatever it takes.

The conclusion of the discussion was that W. Roberts would rework capital reserves effects, pursue development of departmental details, and continue to move the process forward over the coming weeks.

Ald. McNeil moved to go into executive session at 8:32 PM to discuss the proposed purchase of real property where the price may be affected. Seconded by Ald. Clark and duly adopted, ayes all. Ald. Clark moved to go out of executive session at 8:40 PM. Seconded by Ald. Jeffer and duly adopted, ayes all.

Ald. Rabinowitz moved to adjourn at 8:41 PM. Seconded by Ald. Thornton and duly adopted, ayes all.