



Fiscal Committee - Board of Representatives

Monica Di Costanzo, Chair

Anzelmo Graziosi, Vice Chair

Committee Report

Date: Tuesday, June 26, 2018

Time: 7:00 p.m.

Place: Democratic Caucus Room, 4th Floor, 888 Washington Boulevard, Stamford, CT 06905-2098

The Fiscal Committee met as indicated above. In attendance were Chair Di Costanzo; Vice Chair Graziosi; and Committee Member Reps Fedeli, Figueroa, McMullen, Miller, Nabel and Pendell. Absent or excused were Committee Member Reps. Coleman, Morson and Pia. Also present were Reps. Cottrell and Sherwood; Bill Jessa, Assessor's Office; Jay Fountain, OPM; Kathryn Emmett, Corporation Counsel; and Karen Cammarota, Grants.

Chair Di Costanzo called the meeting to order at 7:00 p.m.

Item No.	Description	Committee Action
1. F30.074	APPROVAL; Agreement With Tax Management Associates Inc. RFP #734 For Personal Property Audits. 05/31/18 – Submitted by Mayor Martin 06/14/18 – Approved by Board of Finance	Approved 8-0-0

Mr. Jessa and Mr. Fountain discussed this with the committee as follows:

- This is a 3 year contract for personal property audits
- There were 3 responses to the RFP, only Tax Management Associates had experience in CT and had a CPA on staff (the second firm would have hired CPAs who are from MA)
- The Committee consisted of Greg Stackpole, Bill Jessa and Erik Larson and the decision was unanimous
- This firm has been doing the City's audits for 5 years and brought in additional revenue of over \$600,000 in 2017-18 for \$166,000 in fees; this revenue stays on the books.
- Having the auditor defers people misrepresenting their property values
- The fees vary with the size of the audit
- There is a random selection process for auditing
- Forms are sent to business owners in October and returned in November (Businesses that don't return the form have their property value estimated which increases every year and have a 25% penalty)
- The auditors find a discrepancy in about 50% of the cases (most of the differences are whether improvements are real estate or personal property or depreciation rates)
- This applies to all businesses in Stamford

A motion to approve this agreement was made, seconded and approved by a vote of 8-0-0 (Reps. Di Costanzo; Graziosi; Fedeli, Figueroa, McMullen, Miller, Nabel and Pendell in favor).

- ¹2. [F30.075](#) ADDITIONAL APPROPRIATION (Capital Budget): To **Approved 8-0-0**
\$250,000.00 Install Air Conditioning to Ensure Adequate
Equipment Cooling in the Facility Of The Emergency
Communications Center.
06/06/18 – Submitted by Mayor Martin
05/23/18 – Approved by [Planning Board](#)
06/14/18 - Approved by Board of Finance

Ms. Cammarota explained that the City was awarded a \$303,795 grant to install a generator for the 911 Emergency Communications Center. Additional funds were available, so the City sought these additional funds for air conditioning in the area that could be run by a generator in the event of an emergency. There is a 25% cost sharing requirement that is already appropriated. The total cost is \$738,393, including the grants and the 25% cost share.

A motion to approve this agreement was made, seconded and approved by a vote of 8-0-0 (Reps. Di Costanzo; Graziosi; Fedeli, Figueroa, McMullen, Miller, Nabel and Pendell in favor).

- ²3. [F30.076](#) REJECTION; Partial Capital Project Closeout **No Action Taken**
\$1,895,267.67 Recommendations of Project Nos. CP0096,
CP0097,CP0086,C5B005,CP5901,CP6565,CPB014,
CPB006,C44444,CP0058,CP5223,CP5506, CP8216,
CP6567, CP50053, C22045, CP6758, C56143,
CP0101, CPB095,C36668, CP1372, CPB121,
CP0055, CP1075 for a total of \$1,895,267.67.
06/06/18 – Submitted by Mayor Martin
06/05/18 – Approved by [Planning Board](#)
06/14/18 – No Action Taken by Board of Finance

Mr. Fountain explained that there are 5 different types of things that are being closed out:

- 2 Urban Transitway grants that were not received but were bonded and authorized appropriations
- The South End Collector Road was completed and there was a grant left
- The Traffic Signal Control Hardware closeout was authorized in duplicate
- Carriage Drive Sewers were paid by the City and need to come off the WPCA books
- Other projects are small and completed
- They will make decisions about the repurposing some of these funds after the bond issuance, and know which shovel-ready projects need to be refunded
- Many of these have been outstanding for several years

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- \$479,000 has been authorized and issued and will be repurposed; school items will be repurposed for education
- They are closing out prior to repurposing in order to clean up the books for the end of the year – while this is understandable, the committee expressed concern that it is difficult to keep track of related actions taken after closeouts occur and would prefer they be done in the same month if possible.

No motion was made on this item.

- ³4. [F30.077](#) APPROVAL; Appropriate prior year general fund **Approved 6-2-0**
 \$9,074,222.00 balance as follows: \$2,000,000 Rainy Day Fund;
 ~~\$6,205,322~~ \$6,201,392 Capital Nonrecurring;
 ~~\$296,070~~ \$300,000 Leisure Service Payable Account
 and \$500,000 Risk Management Fund; and \$72,830
 BOE Short Term Capital.
 06/06/18 - Submitted by Mayor Martin
 06/14/18 – Approved by Board of Finance

Mr. Fountain explained that

- They rounded the amount for Leisure Service Payable and took the funds out of Capital Nonrecurring
- This is the amount approved by the Board of Finance
- There was an excess of revenue over expenditures for last fiscal year of \$9,824,221.00. They are holding back a balance of \$750,000 for possible litigation settlements/liability
- They try to keep the Rainy Day Fund above 4%
- The state payment of the teacher pension match went up by \$20,000,000 last year, which appears in CAFR as a revenue item and as an expenditure item, which requires an increase to the Rainy Day fund; the ratings agencies look at the total amount, although this is a pass-through
- It was discovered last year that for the past 15 years, 75% of the revenue from the youth programs have been put into a Leisure Services Payable Account and have paid vendors out of that account; 2 years ago they stopped and put it all into the General Fund and the Leisure Services Payable Account built up a deficit; they have corrected it this year and all the revenue and payments will now go through the General Fund (this is the only fund to OPM's knowledge like this)
- The Risk Management Fund includes money being put aside to cover health and hypertension deficit as it comes due; it helps the City's bond rating to address it this way
- The Board of Education surplus is available to them for capital expenditures per the Board of Education's agreement with the Board of Finance
- The ratings agencies would prefer to have 10% in the Rainy Day Fund, but the Charter limits it to 5%; the City has 4.1%; the ratings agencies look at the total amount, although the State payment is a pass-through; he did argue this point with the ratings agencies
- The Rainy Day Fund is invested and earns interest which goes into the General Fund; the Rainy Day Fund has about \$24,500,000; the Rainy Day Fund is kept in reserve for a catastrophic event; the City has never used it; it is the price paid for being a AAA rated City

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- Keeping the AAA rating saves money on the bond issuances and would probably save \$2,000,000

A motion to approve this agreement was made, seconded and approved by a vote of 6-2-0 (Reps. Di Costanzo; Fedeli, Figueroa, Miller, Nabel and Pendell in favor; Reps. Graziosi and McMullen opposed).

45. F30.078. REVIEW; Marina Fund and Reported Irregularities. K. Emmett
06/06/18 – Submitted by Reps. Cottrell, Sherwood M. Handler
and Graziosi

Ms. Emmett and Mr. Fountain discussed this item with the Committee as follows:

- Some items can't be discussed because there is a criminal prosecution and the State's Attorney has requested that they not discuss the specific facts underlying the prosecution
- Mr. Elumba was hired in 2013 through the civil service process when the prior supervisor retired; several people had the same score; Mr. Elumba was hired through the selection process
- On March 20, 2018, it came to the City's attention that Mr. Elumba had been arrested for patronizing a prostitute and the City was informed by his father on March 21, 2018 that Mr. Elumba had a substance abuse problem
- The City called him in on March 21 and he confirmed the substance abuse problem and he was put into a drug-treatment program immediately
- The City then investigated his area and determined that there was a question about missing items that had been purchased and that information was turned over to the police, which led to his being placed on administrative leave on April 5th
- He continued on administrative leave until the beginning of June when he was arrested; the City then conducted a pre-disciplinary hearing and terminated his employment. On advice of his attorney he was advised not to answer questions
- The City's understanding is that there are \$60,000 that cannot be accounted for
- She does not have complete knowledge of the controls in place for purchases
- This is an unusual situation because this is a one person operation
- This money is from a draw-down account; there are authorized receipts for the purchases
- There is currently an internal audit going on; an external audit would require an RFP process and would be under the auspices of the Controller and the Board of Finance
- The marina was running a larger deficit this year and some repairs were not being done
- He purchased things that appeared to be for the marina
- The internal auditor will probably make recommendations for internal controls to prevent this in the future
- 2 supervisors have to sign off on drawdown accounts; receipts and descriptions are attached; the Controller would know more about this process
- There was a drug test done before he was hired
- His personnel file was provided to the Board of Finance and will be provided to the Board of Representatives

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- The City will seek to recoup the money from him, including the investigation costs
- If an employee reported possible theft, it would be turned over to the police
- If the report was of someone being under the influence at work, there is a process involving sending someone to employee assistance or rehab; if they do not admit a drug problem, there would be drug testing; there is a process that is followed that is directed by an outside agency
- There is no spot auditing of small transactions; the same controls apply to all departments (a large transaction would be \$10,000)
- The City has investigated anonymous complaints;
- The City did have a hotline; it may or may not still be in place
- The City has strong protections against retaliation against whistleblowers
- The Marina Fund has run a deficit every year; that is a separate issue and not the drawdown account
- Mr. Elumba's supervisor was Kevin Murray who reports through the Director of Operations
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⁵6. F30.073. REVIEW; Update on Year End Projections Fiscal Year 17/18. J. Fountain
06/06/18 – Submitted by Jay Fountain

Mr. Fountain stated that last month they projected a \$723,000 deficit and as a result of things they have cut back and made other changes, now predicting a \$500,000 to \$1.2 million surplus. The state gave a \$400,000 municipal grant in aid which was not expected. The City is still short on revenue but is expecting \$1.6 million for building permits from Charter Communications. They have not taken into account encumbrances. It will be very tight, a large part is due to \$3.7 million cut in State grants and did not hit budget in conveyance taxes.

Chair Di Costanzo adjourned the meeting at 8:40 p.m.

Respectfully submitted,
Monica Di Costanzo, Chair

This meeting is on [video](#).

⁵ Video Time Stamp 01:36:00