

**Town Council of New Canaan**  
**Summary of Irwin Park Report**  
Submitted by Kit Devereaux and Steve Karl  
**May 20, 2009**

In July of 2008, Mark DeWaele, Chairman of the Town Council, asked us to study the events relating to the completion of the trails at Irwin Park. This study was conducted to resolve the confusion as to the process and funding of the project. We were charged with understanding the history of the project, researching the financial and decision making procedures used, and if appropriate, to recommend methods to prevent similar confusion and misunderstandings in the future.

We began this review in July of 2008 and developed nine questions as the basis of interviews with relevant parties (see attached list of questions). Over the ensuing months, we interviewed 31 people, including current and former Selectmen, current and former Town Council members, representatives from the Board of Finance, representatives from the Park and Recreation Commission, the CFO of New Canaan, and the Assistant Director of Public Works. In addition, we interviewed two highly successful chairs of New Canaan building committees. The interviews varied in length of time and in depth of information gathered, depending upon the field of expertise of the interviewee. Particular care and attention was paid to covering all areas of the standard questions asked, while allowing for additional comments or expansion of thoughts and ideas relating to the improvement of the town's purchasing and spending process. It should also be noted that the members of the task force were asked to gather the information and report without interpreting or forming individual opinions on the subject matter. Confidentiality was promised to all respondents in order to encourage full participation and disclosure.

It is no secret that New Canaan has evolved from a sleepy, informal community into a modern and complex town. Many of the informal procedural practices of the past are no longer appropriate to the present. It is time to look at and consider more modern and rigorous systems to replace the "nod and a handshake."

Given the incredible economic strain that our town, state, and country will experience for the foreseeable future, it is imperative that we have procedures in place that ensure the proper expenditure of our tax dollars. It is more important than ever to be fiscally responsible. We believe instituting better procedures will give our town and tax payers the results they want and expect from their local government.

Finally, we would like to comment on the thoughtfulness and cooperation that all survey participants displayed during this process. Our town is very fortunate to have such dedicated and caring individuals serving in elected and volunteer positions on the various boards and commissions. We noted that all interviewees are truly involved in the town of New Canaan as a result of their abiding affection for, and commitment to, their community.

It is our opinion that, although there were certainly mistakes in process, those mistakes can be used as a basis for an improved system. It is far less important to attempt to assess blame, than to understand the problems and to structure the system to prevent similar occurrences in the future.

Respectfully submitted,

Steve Karl and Kit Devereaux

## **Recommendations**

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Our group would like to make the following recommendations as a result of its work, and in an effort to improve our project management and purchasing procedures:

1. A procedural handbook should be developed as required reading for project managers and their core committee members, perhaps with a signed acknowledgment of that reading, to help guide individuals and committees through the process of shepherding a project through to a successful completion. This requirement should be expected of volunteers as well as Town employees.
2. The Office of Finance should be staffed in a way that can allow successful monitoring and financial management of Town projects. It is noted that Gary Conrad's office is significantly undermanned and can not currently dedicate a person to track the financial progress of large projects from inception to completion. Given the current budgeting issues this may not be a realistic recommendation at the present time.
3. Project managers should report to the Office of Finance on a monthly basis as to the financial status of a project. Large projects should be regularly updated to Town Council.
4. There should always be an adequate contingency in place before the commencement of any building projects.
5. All invoices should be directed to the Office of Finance. No invoice should be directed to the field.
6. No changes above \$5000 should be made in the field without approval of the First Selectman or the Board of Selectmen.
7. Every sizable Town project should be assigned a project manager who has been carefully vetted, and in all cases, the need for a building committee should be considered. The possibility of appointing a standing building committee should be studied.
8. A Committee should be formed to study and propose the appropriate processes and changes for adoption by the Town Council.

## Overview of Interview Responses

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The following offers a consensus of the interviewees on the two pivotal questions in this study. This report defines *Consensus* as an attempt to capture the majority opinion.

### 1. *Where would you assign responsibility for the Irwin Park situation?*

Some people assigned responsibility to the First Selectman in office at the time, some to the Chair of Park and Recreation, some to Public Works, some to the Department of Finance, and some to the Town Council. But in most cases, the fault was deemed the result of a failure of the process itself. The following reflect the points of breakdown in the system as related to the Irwin Park Trails:

- a. No single person was assigned responsibility for the Project.
- b. No building committee was assigned to the Project.
- c. The flow of authority was not clear.
- d. Communications between the Selectman's Office, the Park and Recreation Committee, Finance, Town Council, and Public Works were inadequate.
- e. Important meetings were held without full participation of the people involved.
- f. Financial controls were insufficient.
- g. The contingency fund was grossly inadequate.
- h. There was a sense that the process had become politicized.

### 2. *Can you make any suggestions that would help prevent the Town from finding itself in this financial position again?*

Several themes were presented during the interviews:

- a. The Office of Finance is understaffed.
- b. Building projects should always have a project manager – a responsible person in charge, and should be assessed as to the need for a building committee. The criteria for the appointment of a committee should include complexity, as well as dollar size, and be a mandate in the case of a public/private partnership. Opinions as to who should act as a project manager varied, but there was uniformity in the opinion that a project manager should be assigned and should be experienced and able.
- c. Chairmen and Committees should be thoroughly educated as to the procedures and penalties for not following procedure.
- d. Any change order above \$5000 should be directed to the First Selectman for approval.
- e. No Department Head should be able to spend money without approval of Town Council.
- f. All invoices should be directed to the Finance Department. Currently, invoices can be sent to the field, which promotes confusion.
- g. Project managers should report expenses and progress to the Office of Finance on a monthly basis. Town Council should be given regular progress updates.

One of the interviewees summed up the problem aptly: "There were 100 cooks in the kitchen and no recipe."

**Recap**  
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**1. The first question asked the participants to briefly describe their understanding of the events leading up to the overspending situation at Irwin Park. Responses varied from a seven word sentence up to almost 900 words, but in all cases it served the purpose of allowing the respondents to review the events before responding to the remaining questions.**

**2. As an employee or resident of New Canaan, can you think of any other examples of overspending that have occurred in the past? If so, what were the circumstances?**

Most respondents answered the question: "no." Some responded with the following:

- The Playhouse. After taking ownership of the playhouse we were hit with the cupola, and the heating and ventilation
- The High School – (four mentions)
- A few other projects were mentioned as having flawed processes, including Dunning Field, Mead Park Lodge, the Waveny Paddle Lodge (three additional mentions), and the Nature Center's Visitor Center.
- The Historical Preservation Commission – it incurred a large debt by consulting with the Town Attorney without permission.
- The Fire Department – a significant over budget amount -- \$300,000 -- incurred without prior approval . (Three other respondents mentioned the Fire Department, as well.)
- Dirt at the dump - \$1.2 million – 11 years ago.
- Saxe overruns.
- Happens all the time. In July the Board of Finance sits down and makes line-item transfers from under spent to over spent. People, starting with first selectmen on down, should sign something that states that they understand they cannot legally spend funds that have not been approved. No one can overspend a line item without approval. If we were to appropriate \$100,000 for gas, the Town can not go out and buy \$150,000.

**3. Do you feel that you adequately understand the current procedures for incurring expenditures for New Canaan? How did you learn of these procedures?**

- Most respondents felt they understood the procedures and had learned of them through their positions on Town bodies.
- Two respondents did not understand the current procedures.
- One respondent called the procedures "murky."
- One respondent felt that understanding the Town Charter was the answer – it is an absolute compass.

**4. Do you feel that the current flow of authority is confusing? If so, in what ways? Can you suggest improvements? A sampling of answers follows:**

- Yes. And there is definitely room for improvement. The Town would be well served by hiring a Director of Operations to monitor and supervise major projects. Public Works has always acted independently, but there is no public accountant in Park and Recreation – they are primarily engineers. Jobs should be monitored, with a check-off list, until they are done. There is currently a disconnect between Finance and Public Works.
- If you understand the Town Charter there isn't going to be any confusion.
- The process bears repeating and reminding. Maybe submitting parties should put forward a written explanation to all three bodies so that the bodies have an idea of what's ahead. There should be more communication between the Town bodies.
- Barely a BOF meeting goes by without someone asking a procedural question - which implies confusion. There should be a one page schematic mapping out the decision making process and the powers of the BOF, BOS, and TC. It would be constructive to take a 15 minute break to review this at an "offsite."
- It's one thing to trust someone but there needs to be oversight.
- There are projects with committees – which have an organizational structure. With the very small projects, the town usually says "let's just give it to Hans Otto, or someone else like that. We spend about 2 ½ million dollars a year in paving projects but we don't need a committee for that. It's really more a matter of complexity and public sensitivity rather than just \$ size. Irwin Park was a "tweener" – a little project which grew into a big project. There definitely needs to be leadership, and there should be only one person in charge so that there is clear responsibility, and there needs to be a clear chain of command. It takes an enormous skill set to navigate many of our town's projects – often there is public money, private money, accounting issues, etc.
- The current flow of authority is confusing -- a flow chart should be developed and posted on the website and at Town Hall. More oversight is necessary, for instance in the area of grants.
- The problem is not the process as much as the presence or lack of presence of a project leader.
- The Town needs to discipline itself to allow Town bodies to stick to their guns. We should never start changing mid-stream. Everyone changed their minds – it was nine public meetings before the plan was done.
- It could be, depending on what kind of oversight you're given on the project.
- Evidently it was confusing. Money must not flow out of Town Hall that has not been approved under rigid circumstances.
- Yes, the flow of authority is confusing and unclear, not only to the approving bodies but to the Town staff. There needs to be a tighter process.
- The Charter should be opened and changed to allow Department Heads flexibility to make decisions, as needed, on the spot, while insuring controls are in place – possibly setting a \$ amount for discretionary approval.
- No. I don't think it's confusing. People who are Chairs of Commissions KNOW what they are suppose to do.
- There needs to be a responsible person on every contract – that person needs to know to whom, what and when to report back.

- Yes. The flow of authority is impaired more by its “lack” than by its faulty implementation. We need to start with objectives and goals and then implement those goals.
- Projects move faster than the boards allow. It’s not as though you can go see someone in an office and get approval. The relationships between the BOS, BOF and TC not always clear.

**5. Can you make any suggestions that would help prevent the Town from finding itself in this financial position again? The following are responses:**

- Have a point person on every project.
- A responsible person on every contract – that responsible person needs to know to whom, what and when to report back. We’ve got a problem with orphan projects – the bus building is one of them. Building committees need to be told to whom they will report, how often, and what they will report. There cannot be any more orphan projects. The same is true of people who administer contracts. A responsible person needs to be appointed who will represent the town with respect to any contract and keep the town informed. There is something called Agency Law that deals with this.
- We should look at the process and find ways to speed up the necessary approvals.
- We just have to get the right accounting procedures in there. It is done every day. If we’re not doing it, then we have holes in our system.
- There needs to be a clear clerk-of-the-works in charge of these projects with respect to Town employees – a Town employee who doesn’t go through an election cycle. Someone has to be responsible.
- Once a project begins, we should give czar-like power to the project manager, and that project management should reside in Public Works. The process should be built around that person – it should let them deal with changes and aberrations. There should be a fast-track process for dealing with exceptions. There should be a Facilities Manager role – someone like Hans Otto at the schools. There should be something like a Comptroller.
- The Selectmen should appoint an individual to be responsible for projects in Town, and that any Public/Private partnership, regardless of size, should have an appointed individual for oversight. Building Committees should be considered for projects of less than \$100,000.
- Make sure that there is a budgeted amount and some sort of “stop” to prevent over spending that amount. We need a bulletin or tutorial to let people know that you can’t spend money that hasn’t been properly appropriated. That educational process should also point out the civil penalties for not following proper procedures. We needed a development manager or committee that could have overseen the project. The process was too ad hoc.
- Significant project should report on a monthly basis to Town Council.
- There needs to be a person who is in charge and knowledge of what the budget is. Clear lines of authority are mandatory. Any system with good management controls uses two signatures – one that looks at the work and one that looks at the budget.
- There is too much presumption. If people knew their jobs were on the line, these things probably wouldn’t happen. We should sit everybody down and ask “Have you read the procedures?” We lost balance. We should say: “These are the rules – we need to follow them.”

- The BOF considers budgets and sets budgets and then it goes back to sleep. It is a long time before the BOF finds out how the reality of the expenditures is doing against the budgeted amount. The BOF should have periodic oversight on significant projects to see that the process is working and that nothing substantive has changed. For example, the road repaving project should be updated on a regular basis. The review doesn't have to be BOF just so long as SOMEBODY does it. We also need to encourage "bad news" to travel quickly instead of slowly
- If Town employees or managers were personally penalized, there might be more care taken. There should be a point person -- maybe a town employee advised by certain community members (a Board or a Council of Advisors). Who's in charge of the Playhouse? Who's in charge of Irwin? Perhaps the cutoff for the requirement of an oversight committee should be \$100,000, but it could be for more, or for less, depending on the complexity of the issue -- for instance, if it deals with Education, Safety, or Infrastructure, then yes, but parking meters, then no.
- Responsibilities should be better spelled out in the Charter. The Town Council should have a little more authority -- the ability to add to the budget for example. The Charter should be re-opened to adjust for this.
- If a project is over \$100,000, there should be an assessment of the need and complexity of the project to decide if a Building Committee is necessary.
- All checks should be authorized by the same department.
- Maybe a different flow -- maybe all invoices should be directed to the Finance Dept. and then sent for approval. Vendors are sending bills directly to people in the field who initiated the expenditures originally. There should be some kind of middle-man. Procedures should be strengthened, but we should stay away from "blame." We need better control of our contracts. We should not be spending a nickel that has not been appropriated. The Finance Department is dramatically understaffed. There should be something like a Comptroller that reports to the CFO.
- For every project, a conscious decision should be made as to whether it is of sufficient complexity to require a building committee. Whether a committee is required or not, a carefully vetted person should shoulder the responsibility of head of the project. That person should have to report to Gary on a regular, perhaps monthly basis, as to expenses versus progress to date. Change orders above a certain amount should require the approval of the Selectmen. No loose decisions should be made in the field without a purchase order and compliance with described procedure. The Project Manager of large projects should report to Town Council on a regular basis.
- There should have been a building committee and there wasn't. Procedures would be tightened with a project manager. If there had been a plan, then the control of the expenditures would have been much more effective. The Project Manager should report to the BOS.
- The Town should have some sort of a watch-dog that makes sure that all the procedures are followed. The Finance Department can not be responsible for control if it is understaffed. Unless you assign a hired individual to monitor those projects you can not really protect against this type of problem -- a hired project manager. A clerk at Town Hall isn't going to fill the bill. Even the small projects need to be closely monitored.
- There should be a project "Chair" in every case.
- There should be representation from Public Works on the building committee and responsibility should not fly back and forth. A Public Works project manager might have a different bent than a resident project manager. Public Works will also be thinking about longevity and maintenance of the finished product. We should always

have at least a 10% contingency. The Purchase Order system should be set at the contract price. This would help the Project Managers be more aware that they're coming to the end of a project's financial resources. There should be more and timely feedback from Finance and, timely feedback from project managers. It is important to keep all decisions very public.

**6. If you were to assign responsibility for the current situation, where would you assign it and why?**

An adequate synopsis of the responses to this question can be found on page four of this report. There was no consensus on the assignment of blame to an individual, only consensus on the flawed nature of the process.

**7. Controls and changes will cost money – for instance, hiring a consultant or an auditor to draw up better procedures. Do you think the Town will be willing to spend the resources necessary to correct the current shortfalls in the system?**

- Although we could receive lots of excellent advice from the outside, given the current economic environment, we might do better to make the logical changes and perhaps appoint a committee to investigate best practices and make the recommendations.
- Controls might be worked out with the Finance Department without expense.
- Yes. But it shouldn't cost a lot of money.
- If there ARE shortfalls in the system, then yes. But is it a systemic problem or a managerial one?
- Why do we need a consultant? Gary's systems are pretty good. It was a failure to adhere to the existing procedures.
- No. People in charge of projects don't understand they are liable. It really should be an employee – a full time worker .This was ugly because there were too many people who wanted to be chief.
- The Town should spend the money, if necessary, to address shortfalls in the current system.
- Doesn't think the problem is that complicated. We could outline some simple recording procedures and make sure the Project Managers know what their limits are and what the process is. It might make sense to assign one Town person such as the CFO to check the financial process. Perhaps the Chair could approve changes up to \$5000 and anything greater would need to be approved by the Selectmen – that Chairs could not sign contracts that commit the Town greater than a specified amount. This is actually the current procedure.
- We can do it internally. If we're talking \$20,000, that's one thing. If we're talking \$200,000, then that's another.
- I don't think it would cost very much money. For example, why not have the Town's Accountant monitor disbursements for a major project as it goes along?
- I think so, but with the caveat that weak leadership has a tendency to rely on consultants. We can probably call on talent that resides in the town. Inside people typically know a lot more than outside people.
- Doesn't think the Town should have to. We should be able to fix this ourselves.
- No. Not now. This was kind of a one of a kind deal. I think the systems are there.

8. **Are there any other questions we have neglected to ask that are pertinent to this topic?**
  - No additional questions were suggested.
9. **May we quote points that you have me in this interview, if the quotes are issued anonymously?**
  - All but one respondent responded in the positive to the questions.

**List of Questions for Interviewees**  
**Irwin Park Study**

**Statement of purpose for interview:**

*We have been appointed by Town Council to help understand the sequence of events leading up to the Irwin Field project. Through a better understanding of the past, we hope to suggest better procedures for the Town of New Canaan as we go forward.*

1. Can you briefly describe your understanding of the events leading up to the overspending situation at Irwin Park?
2. As an employee or resident of New Canaan can you think of any other examples of overspending that have occurred in the past? If so, what were the circumstances?
3. Do you feel that you adequately understand the current procedures for incurring expenditures for New Canaan? How did you learn of these procedures?
4. Do you feel that the current flow of authority is confusing? If so, in what ways? Can you suggest improvements?
5. Can you make any suggestions that would help prevent the Town from finding itself in this financial position again?
6. If you were to assign responsibility for the current situation, where would you assign it, and why?
7. Controls and changes will cost money – for instance, hiring a consultant or an auditor to draw up better procedures. Do you think the Town will be willing to spend the resources necessary to correct the current shortfalls in the system?
8. Are there any other questions we have neglected to ask that are pertinent to this topic?
9. May we quote points that you have made in this interview, if the quotes are issued anonymously?