CITY OF NORWALK
BOARD OF ESTIMATE & TAXATION
SPECIAL MEETING
APRIL 16, 2024
VIA TELECONFERENCE

To allow public access, anyone may access a meeting by telephone and/or Zoom, or a recording in the City of Norwalk YouTube channel. Specific instructions and links can be found at norwalkct.gov/meetings Members of the public may call in to participate. Callers will not be able to see the meeting participants.

All participants will be muted upon entering the meeting. To speak, dial *9 on the phone and you will be called on by the host of the meeting during the public comment section. All speakers must state their name and address. Comments must be on a topic on the agenda, and are limited to three minutes.

Anyone disrupting the orderly conduct of the meeting, including by using threatening, hateful, or sexually explicit language, will be removed. Please find the information using the link above. Members of the public who wish to provide "live comments" may also use the Zoom meeting platform.

All participants will be muted upon entering the meeting. To speak, click the “raise your hand indicator” and you will be called by the host of the meeting during the public comment section. All speakers must state their name and address. Comments must be on a topic on the agenda, and are limited to three minutes. Anyone disrupting the orderly conduct of the meeting, including by using threatening, hateful, or sexually-explicit language, will be removed. Please find the information using the link above.

Members of the public who wish to provide public comment are encouraged to submit those via email in advance of the meeting. For these comments to be included into the record, they must be submitted by 12:00 p.m. the day of the meeting. Please email (Tom Ellis) at (Tellis@norwalkct.gov) with the subject line “Public Comment” to provide written public comment prior to the meeting.

ATTENDANCE: Ed Abrams, Chair; Mayor Harry Rilling; Kendrick Constant; James Frayer; Troy Jellerette; Anne Yang; Edwin Camacho (6:37 p.m.)

STAFF: Irene Dixon, City Clerk; Thomas Ellis, Director of Management and Budgets; Chitsamay Lam, Controller; Jared Schmitt, Chief Financial Officer; James Travers, Director of Transportation, Mobility and Parking; Vaness Valadares, Chief of Operations and Public Works; Ralph Kolb, Senior Environmental Engineer; Alan Lo, Building and Facilities Manager

OTHERS: Sirak Legesse, General Manager, LAZ Parking; Bill Lindsay, Munistat

1. **CALL TO ORDER**

Mr. Abrams called the meeting to order at 6:31 p.m.

2. **ROLL CALL**

Ms. Dixon called the Roll as indicated above. A Quorum was present.

Mr. Abrams asked Mayor Rilling if he had any opening remarks. Mayor Rilling expressed his thanks to everyone for their hard work.

3. **APPROVAL OF THE FY2024-25 WPCA OPERATING BUDGET**

** **MR. JELLERETTE MOVED TO APPROVE THE FY2024-25 WPCA OPERATING BUDGET**

Ma. Valadares and Mr. Kolbe shared their screen and highlighted the WPCA operating budget. Following their presentation they fielded questions from Board members.

Mr. Camacho joined the meeting at 6:37 p.m.

The budget was approved by the WPC A and reflects around an $18.00 per residential property increase and a $26.00 per commercial property increase.

Mr. Jellerette asked about capacity. He was told there well below the 90% capacity of 18 million gallons per day the three-year average is 12 million gallons per day.

Ms. Yang asked if the increase is competitive with other cities. She was told that typically Norwalk is in the lower third in the East Coast compared to other municipalities.

Mr. Jellerette asked what is done with school and city properties. He was told they pay a sewer fee like all other properties.

** **MOTION PASSED UNANIMOUSLY**

4. **APPROVAL OF THE FY2024-25 PARKING AUTHORITY OPERATING BUDGET**

** **MR. JELLERETT MOVED TO APPROVE THE FY2024-25 PARKING AUTHORITY OPERATING BUDGET**

Mr. Travers noted a change from the summary and will send a new budget summary after this evening's call. He shared his screen and highlighted the operating budget. Following his presentation he fielded questions from the members. Mr. Travers explained that the parking authority pays all the expenses and there is a monthly reconciliation.

**** MOTION PASSED UNANIMOUSLY TO ACCEPT THE AMENDED BUDGET AS NOTED**

5. **APPOINTMENT OF AUDITORS TO AUDIT FY 2024**

**** MR. CONSTANT MOVE TO APPROVE THE APPOINTMENT OF AUDITORS TO AUDIT FY 2024**

Ms. Lam reviewed the request to approve the appointment of Bloom Shapiro.

**** MOTION PASSED UNANIMOUSLY**

6. **PRESENTATION AND DISCUSSION OF CAPITAL AND DEBT SERVICE**
- Bill Lindsay – Munistat

**** MS. YANG MOVED TO BRING THIS DISCUSSION TO THE FLOOR**
**** MOTION PASSED UNANIMOUSLY**

Mr. Ellis introduced Mr. Lindsey.

Mr. Lindsey shared his screen and walked the board through the credit rating process the City's debt position and the potential implications.

Mr. Lindsey presented the credit ratings and methodology, current City debt position, authorized but unissued debt balances, current credit rating assessment and the proposed use of bond anticipation notes. He also reviewed municipal credit ratings and what they are and are not. He noted it is the overall financial management or the entity.

Mr. Lindsey explained that credit rating agencies weigh credit factors differently. The city of Norwalk has AAA rating with Fitch, Moody's and S&P global. He reviewed the current debt situation and said that as of June 30th the citywide debt load is $435 million. In April 2023 the debt capacity was $500 million but Moody's revised their methodology and increase the capacity to $650 million based on FYE 2023 results. Authorized but unissued debt is at $155 million which includes a portion of the South Norwalk neighborhood school and the new Norwalk High School.

Mr. Lindsey presented the debt waterfall and when they may exceed the debt capacity he noted they are bringing on debt, but other debt is retiring. He said the unassigned fund balance is $78.5 million. He talked about bond anticipation notes (BAN), revenue anticipation notes, tax anticipation notes and grant anticipation notes. Mr. Lindsey said they could use the short term notes to provide liquidity during construction. He added that bond anticipation notes are used to manage cash flow for projects and will help provide liquidity during construction. He said this has been done in other towns such as Guilford and Groton and helps phase in the budgeting impact of the new debt.

In conclusion Mr. Lindsay said the City's history of economic and financial stability are the foundation of its AAA and Aaa ratings.

Mr. Abrams asked for comments from Mr. Schmitt. Mr. Schmitt noted it is not uncommon to have this type of discussion in municipalities and they are going to make more of an effort to identify grant projects.

Mr. Abrams opened the meeting for questions. Mr. Jellerette asked about interest rates. Mr. Lindsey explained that all debt is fixed rates; however, they can be refinanced when rates come down which the city has historically done. Mr. Jellerette said it appears the city is in a good position to keep its AAA rating. Mr. Lindsay said it's important to continue to be prudent.

Mr. Camacho left the meeting at 7:56 p.m.

In response to Ms. Yang's question, Mr. Ellis explained the reserve levels are in the high teens which is very high for Connecticut. Mr. Lindsay added that relative to the rest of the country Connecticut’s fund balances are low; this is an issue that Connecticut has always had. Ms. Yang asked what was needed for short term financing for the school projects. Mr. Lo explained that the new Norwalk high school is over a $200 million project with an 80% reimbursement. He said at this point they will not have enough cash flow due to the delay in reimbursement. The South Norwalk neighborhood school is a $76 million project with a 60% reimbursement. This creates a cash flow problem and a BAN would be very helpful.

Ms. Yang ask it would be possible to extend payables by 30 days. Mr. Lo explained that the state statute requires payment within 30 days.

Ms. Yang asked how much of a premium the City would pay for a BAN. Mr. Lindsay explained the BAN rate is equivalent to a 20 year bond rate. Historically rates are high. He added that the consensus is that a year from now rates are expected to be lower. Ms. Yang said she is trying to determine if this is a good thing or a bad thing for the City to do.

Mr. Jellerett referenced Mr. Dachowitz’ transmittal letter dated January 31, 2023 describing capital assets and said he preferred to stay with three to five years.

Ms. Yang asked what the additional cost for borrowing would be if the city dropped a notch in its bond rating. Mr. Lindsey said right now it would be about 10 basis points.

Mayor Rilling expressed his thanks to Mr. Lindsey.

**** MAYOR RILLING MOVED TO ADJOURN**
**** MOTION PASSED UNANIMOUSLY**

There was no further business, and the meeting was unanimously adjourned at 8:49 PM

Respectfully submitted,

Rosemarie Lombardi
Telesco Secretarial Services