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CITY OF NORWALK
BOARD OF ESTIMATE AND TAXATION
REGULAR MEETING
VIA TELECONFERENCE
APRIL 1, 2024

ATTENDANCE: Ed Abrams, Chair; Mayor Harry Rilling; Edwin Camacho; Kenrick Constant; Troy Jellerette; Artie Kassimis; Anne Yang

STAFF: Lisa Biagiarelli, Tax Collector; Henry Dachowitz, Chief Financial Officer; Thomas Ellis, Director Management and Budgets; Irene Dixon, City Clerk; Thomas Livingston, Chief of Staff; Mickey Docimo, Administrative Manager and Deputy Chief Melissa Lepore, Norwalk Police Department

OTHERS: Alan Dutton, Oak Hills Park Authority

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

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

** **MR. JELLERETTE MOVED TO TAKE THE AGENDA OUT OF ORDER**
** **MOTION PASSED UNANIMOUSLY**

1. **APPROVAL OF MINUTES**

** **MR. JELLERETTE MOVED TO APPROVE THE FOLLOWING MINUTES AS PRESENTED**

FEBRUARY 12, 2024 – REGULAR MEETING

MARCH 4, 2024 – SPECIAL BET MEETING

MARCH 4, 2024 – OPERATING BUDGET REVIEW

MARCH 6, 2024 – OPERATING BUDGET REVIEW

MARCH 7, 2024 – OPERATING BUDGET REVIEW

MARCH 11, 2024 – OPERATING BUDGET REVIEW

MARCH 13, 2024 – GRANTS & BOARD OF ED – OPERATING BUDGET REVIEW

MARCH 18, 2024 – DELIBERATION ON OPEN ITEMS

** **MOTION PASSED UNANIMOUSLY**

2. **SPECIAL APPROPRIATIONS AGENDA** (Section A)

There were no special appropriation requests presented this evening.

3. **TRANSFER AGENDA** (Section B)

Mr. Ellis reported that both requests were from the Police Department. Mr. Docimo explained that these transfers are part of the Police Department's annual transfer process.

** **MS. YANG MOVED TO APPROVE THE FOLLOWING TRANSFERS**

Section B
TRANSFER AGENDA
Board of Estimate & Taxation

FISCAL YEAR 2023-24:

Police Department:

From		To		Amount
01-30**-various	Various accounts	01-3042-5329	Other Operating	$16,034

Transfer to refurbish parts of the firing range that have fallen into disrepair. See transfer form for account details on "from".

Finance recommends approval.

From		To		Amount
01-30**-various	Various accounts	01-3042-5327	Firearms	$32,445

Transfer to cover ballistic helmets to replace ones that have reached the end of their useful life. See transfer form for account details on "from".

Finance recommends approval.

** **MOTION PASSED UNANIMOUSLY**

5. **ADDITIONAL INFORMATION** (Section D)

Financial reports

- Tax Collector's Narrative – February 2023
- Tax Collector's Report – February, 2023

Ms. Biagiarelli reviewed her written report as follows:

As of the end of February 2024, having concluded eight months of the fiscal year, we collected nearly $368 million against what is now our $379.4 million adjusted levy. Our adjusted levy increased since the beginning of the fiscal year with the addition of $4.2 million in supplemental motor vehicle taxes that were payable by February 1, 2024. Although we added these billable taxes in November 2023, the cumulative net adjusted levy remains significantly reduced from the original budgeted levy by nearly $3.9 million, primarily due to credits resulting from stipulated judgments in property tax appeal cases.

As of the end of February 2024, our current collection rate was 96.94%. We also collected 97.96% of our sewer use levy, more than $18 million, and 83.87% of the Industrial Pretreatment Program (IPP) fee billing on behalf of the WPCA. Compared with the prior fiscal year, we ended February 2024 slightly ahead of last year for collection of taxes (.4%); sewer use (.72%), and down slightly for the IPP fee (-.19). As noted in last month's report, although the collection period ended February 1, we continued to process payments timely received through the first week of February 2024. We can now accurately assess our collection and report that we are slightly ahead of where we were last year at this time.

Regarding prior years' collections, through the end of February, we continue to see the effects of transferred payments from prior years taxes to current taxes, in accordance with court stipulated judgments in property tax appeal cases, as noted above. I have addressed this issue in greater detail in prior narratives.

Please note that the figures we report are net of refunds and credits. We sent delinquent notices for past due real estate and business personal property taxes and sewer use charges in February, and delinquent notices for motor vehicle taxes are being mailed this week.

Our delinquent notices take the form of what is called a Demand for Payment of back taxes. This is a statutory term and is not meant to imply rudeness to the taxpayer; the tax collector is required to "make demand" before taking any additional collection enforcement action. We expect to file lien continuing certificates in the town clerk's office at the end of the month of March. We continue working on the tax sale and have moved the date of the sale forward to Monday, September 9, 2024. We have 171 properties in the sale and expect to add more. Our targeted collection for this sale is approximately $4.5 million. We started work on the sale in November 2023 and mailed preliminary letters to owners of about 100 properties scheduled to be included. We subsequently identified more properties for inclusion, assigned title searches, and sent preliminary letters for another 87 properties last month.

As of the end of February 2024, we already collected more than $1.1 million on sale properties since November 2023. Our year to date collections of prior years' taxes and interest through February 2024 are already $1.6 million more than what we collected during the same time period of the prior fiscal year.

The purpose of the tax sale is to enforce collection of past due taxes. I provided basic information on what a tax sale involves and why we do them in last month's narrative. The 2024 tax sale will be our 10th sale since 2003. We have collected a cumulative total of more than $43 million on properties directly included in tax sales; this 48 of 99 figure does not include ancillary collections on properties not included in the sales that were nonetheless brought current due to publicity surrounding the sale initiatives. Usually 90 – 95% of the properties originally slated for sale are removed from the sale when the back taxes are paid.

Tax sale is our principal means of addressing past due real estate tax collections. More effective tax collections and higher current and back collection rates allow the rate makers (Board of Estimate and Taxation) to set lower mill rates, as they will require a smaller allowance for uncollectible taxes. Conversely, lower tax collection rates require higher mill rates to be set, because not everybody pays on time, and the funds nonetheless are being allocated for spending, so the on-time taxpayers make up the difference. Lower mill rates allow for more stable budgeting, contribute to higher bond ratings, and serve as de facto tax relief for every taxpayer. I will continue to keep all stakeholders advised of our progress, and am available to respond to any questions, issues or concerns.

Mr. Abrams expressed his thanks to Ms. Biagiarelli.

• Oak Hills Park Financials – February 2023

Mr. Dutton reviewed the Oak Hills Park Authority report as follows:

Oak Hills Park Authority
February 2024 Financial Commentary

Operations Updates:

- Golf revenue rounds and cart rounds are performing above budget in total for the first eight months of FY24. However, January and February underperformed due to weather closings and cold temps.
- OHPA plans on making substantial capital improvements throughout the course of this fiscal year and has already spent $231k to date.
- We are at the end of our third year (of five) in our cart fleet lease and are seeing some expected wear and tear. However, the lithium batteries are holding up better than the standard batteries in previous leases.

YTD Financial Highlights:

- FY24 YTD net operating income was over budget by $628k and we ended February with a $555k cash balance which includes $45k in the capital reserve bank account.
  - Revenue was over-budget by $57k thanks to strong golf and Outings rounds.
  - Expenses were over-budget by $28k.
- OHPA made $97k in repayments to the City for the first eight months of the fiscal year. The annual 1% of gross golf revenue additional debt payment has been made in February.

Other:

- As part of our initiative of investing and diversifying excess cash, we now have money spread out among three banks in various types of interest-bearing accounts.
- We have begun the budgeting process for our upcoming 2025 fiscal year.

Mr. Dutton added that they are working diligently to get the restaurant open. Mr. Jellerette said Oak Hills Park Authority did a good job with transparency with the restaurant.

The following items are for information only.

• Year-to-date Capital Budget Report – FY 2023-24
• Year-to-date Operating Expenditure Report – FY 2023-24
• Year-to-date Operating Revenue Report – FY 2023-24
• Police Wages FY 2023-24
• Fire Wages FY 2023-24
• Public Works Wages FY 2023-24
• Year-to-date BOE Operating Expenditure Report FY 2023-24

4. **OTHER BUSINESS** (Section C)

**** MS. YANG MOVED TO TAKE THE FOLLOWING ITEMS OUT OF ORDER**
**** MOTION PASSED UNANIMOUSLY**

2. FY 2024-25 Capital Transmittal to Common Council

Mr. Ellis described the transmittal letter and said it is the letter to the Common Council from the Board of Estimate and Taxation. The Board discussed the language in the letter.

Ms. Yang asked about the current debt. Mr. Ellis said that information is on the sheet he sent. Ms. Yang said she was not comfortable talking about capital expenditures that show project borrowing and how that is going to impact the City's bond rating. Mr. Dachowitz recalled that before last year, they had $450 million outstanding. The Financial Advisor said they had a limit of $500 million. The thought is that this year's issuance should be $50 million. He said they go by cash flow and follow IRS mandates.

Ms. Yang said that after July, they will be close to $500 million and asked what amount of capital will be needed prior to getting reimbursed for the new Norwalk High School. She asked how this gets funded and what the lag looks like. She said before they talk about and approve the budget, they need to know what they need to prepare for without losing the AAA rating.

Ms. Yang said she felt very uncomfortable passing this budget without knowing what that looks like. Mr. Abrams said her comments were duly noted.

Mr. Jellerette asked if the bond agencies will look at this bond for the school. Mr. Dachowitz said they look at the absolute value of the debt. He added that about two years ago, the Financial Advisor said $400 million was the limit, but due to other factors, he increased that amount to $500 million. He said the State tends to reimburse with a 10% holdback and at the end of the project, they will conduct an audit and make any adjustments.

Mr. Jellerette said he wants to know if they will be able to keep the AAA bonding if they proceed with the high school. Mr. Abrams said Mr. Jellerette comments were duly noted.

Mr. Livingston said that by Charter the capital budget cap has to be set today.

**** MR. ABRAMS MOVED TO APPROVE AND FORWARD THE FY 2024-25 CAPITAL TRANSMITTAL TO COMMON COUNCIL**
**** MOTION PASSED WITH TWO (2) VOTES IN OPPOSITION (MR. JELLERETTE AND MS. YANG)**

Mr. Abrams asked for a special meeting to address Mr. Jellerette and Ms. Yang's questions.

Mr. Camacho said he sees the Finance Department tracking this closely. Mr. Abrams agreed, but said they need to trust and verify. Ms. Yang said the Finance Department does a terrific job, but his is a difficult financial environment with the new schools coming on line. It would be irresponsible to not understand, see and verify the numbers. She added that she has been asking for this presentation on project debt. Mr. Abrams said they will have that presentation at a special meeting.

3. Contingency Tracker

Mr. Ellis reported there were no changes from last month and they have just under $600,000 remaining.

1. Vote on the FY 2024-25 Recommended Budget

Mayor Rilling offered opening remarks. He expressed his thanks to the Finance Department, Board of Estimate and Taxation and the department heads. He said they evaluated the open positions in the City and he ordered a hiring freeze. He said he also recommended a hiring freeze for the Board of Education. He said that at the end of this fiscal year, he feels there will be carry over funds. Mr. Ellis reached out to the Financial Advisor, Mr. Lindsey who recommended taking out $9 million from the rainy day fund.

Mayor Rilling said that over the past several years, they did what they could to keep the taxes low. He said they tried to be responsible and recognize the tax burden on the residents. He thanked all who worked so hard on the budget.

Mr. Ellis shared his screen and presented scenarios that were sent to the Bord members a few hours ago. He fielded questions from the Board members.

Mr. Abrams said he had the opportunity to review the different scenarios and asked the Board members to discuss their point of view and offer their recommendations.

Mr. Jellerette said this is his fifth year on the Board of Estimate and Taxation and this is the toughest year. He said he would like to see the pain shared between the City, Board of Education and commercial properties. He said the flat budget showed a phase in period of four years. He added that he feels it is his fiduciary duty to keep Norwalk a AAA rated City.

Interest rates will go to a different level, if the City loses its AAA rating. Mr. Jellerette said he would like to see the four year phase in, but feels there is work to be done. He added that he would prefer to see a flat budget. He said there are a lot of projects going on in the City and they will help the tax base.

Mr. Kassimis said that as a Paster, he does a lot of outreach and gets calls constantly from people with challenges. When he worked in corporate and they were told to cut the budget, they cut the budget. He noted that he was on the Board of Education for six years. One year they had to cut $4 million from the budget. They went line by line and made those cuts; the next year they were $2 million in the black.

Mr. Kassimis said that in the last seven years, the Board of Education's budget went up over $60 million, but the number of students has stayed the same. He said the Board of Education is not providing details. He said the City provides a lot of services to the residents such as Fire and Police and those services can not be cut. He added that some departments can afford to make cuts.

Mr. Constant said a crucial key is the revaluation. A temporary fix, such as a phase in may result in repercussions. He said he was concerned about disparity between residential and commercial buildings. He said he would vote in favor of a 4% increase for the Board of Education and a flat budget for the City.

Mr. Constant said he recognizes the effort of the City workers, but said they have to consider the long term consequences. The students have to be provided with the resources they need and City departments should prioritize efficiencies.

Ms. Yang read a written statement and expressed her thanks to the residents who sent letters. She said she read every one. She said the board needs to do better, especially with capital expenditures. She said there are three legs to the stool, residential, commercial and the City and Board of Education. Ms. Yang said they need to first discuss the revaluation phase in. She said there is an unprecedented shift in the grand list and referenced CT State Statute 12-62C. She discussed the pros and cons of a phase in.

Ms. Yang advocated for a flat budget for the City and the Board of Education. She explained that 60% of the budget goes to the schools and the City pays $30,000 per student.

Ms. Yang said correspondence and a petition were received and that as a City, they must keep expenses flat.

Mr. Camacho said that when they talk about the Board of Education, they are talking about children. He said he understood those numbers had to be adjusted up for 416 students and that number is fluid. He said all the parents are enthusiastic and people are moving into Norwalk. He said now is the worst time to flat fund the Board of Education. He said the budget increase will come to $400 - $500 a year. He said the vast majority of parents would be more than happy to pay a $400 increase for the sake of their child.

Mr. Camacho said it seems that taxes are going up and as a result of covid, commercial properties lost their value and residential property values went up. If a four year phase in is approved, they will be asking people to pay $40 - $50 per month. He said he did not think that was a lot to ask. This provides time to reevaluate and reassess next year and cut where they can and streamline.

Mr. Camacho said he would vote to approve the budget as proposed. The hiring freeze is a good idea and dipping into the Rainy Day Fund for an additional $1 million is also a good idea.

Mr. Abrams thanked everyone for their comments and said there is no easy answer. He said he was not sure a reduction beyond a flat budget will make a difference. He added that he was not convinced that the 2 ½% that the City proposes will elicit any changes. Mr. Abrams said the four year phase in makes sense and will produce savings for the tax payers.

Mr. Abrams said the challenge is whether or not they could live with a flat budget, understanding there will be impacts to services provided by the Board of Education and the City. He suggested that they start the year with a flat budget. He said this is not easy, but they ae at a point where drastic changes have to be made.

Mayor Rilling explained they scrubbed the budget to keep taxes low. The Board of Education originally asked for an increase of 8.2% and brought that down to 3.5%. He predicts there will be requests for special appropriations as they move through the budget year. Keeping the budget flat does not begin to cover contractual obligations.

Mr. Camacho explained the difference between flat funding and what the City is proposing is about $200.00 a year. Mr. Abrams said that for some people $200 is two month's of food. Mr. Camacho said he understood, but people expect increases every year.

Ms. Yang said they go through the same thing every year – and the increases are cumulative. Every dollar makes a difference; a lot of people are on fixed incomes.

Mr. Abrams proposed that the Board of Education take a 2.5% increase vs. a 4% increase. Ms. Yang said there needs to be a compromise. She said she feels there is a lack of transparency on Board of Education and they need to make cuts in some places. She said she agreed with Mr. Abrams' proposal, but would not agree to flat funding.

Mr. Constant said it was unfair to compare the Board of Education to the City because they are talking about the quality of education for the students. Mr. Abrams noted that a lot can be done with $232 million.

Mayor Rilling said property tax levies are a regressive tax. Budgeting is not an exact science, He said once they set the budget there is no revenue coming in and department heads will come in seeking appropriations.

Mr. Jellerette said he would be comfortable with a 2.39% increase for both the City and the Board of Education.

Mr. Camacho said as proposed, he does not believe the tax increase will be bigger than in the past, at least for year one.

** **MR. ABRAMS MOVED TO APPROVE THE OPERATING BUDGET WITH A 2.39% ($201.8 MILLION) INCREASE FOR THE CITY AND A 3% (233.4 MILLION) INCREASE FOR THE BOARD OF EDUCATION**

** **MR. CAMACHO SECONDED**

** **MOTION PASSED BY ROLL CALL VOTE WITH FIVE (5) VOTES IN FAVOR (MAYOR RILLING; MR. ABRAMS; MR. CAMACHO; MR. CONSTANT AND MR. KASSIMIS) AND TWO (2) VOTES IN OPPOSITION (MR. JELLERETTE AND MS. YANG)**

** **MR. CAMACHO MOVED TO ADOPT A FOUR YEAR PHASE IN OF THE REVALUATION**

** **MR. JELLERETTE SECONDED**

** **MOTION PASSED UNANIMOUSLY BY ROLL CALL VOTE (MAYOR RILLING; MR. ABRAMS; MR. CAMACHO; MR. CONSTANT; MR. JELLERETTE; MR. KASSIMIS AND MS. YANG)**

Mr. Abrams said he wished this was easier, but they have an operating budget the City and Board of Education can work with.

Mr. Abrams asked for closing remarks. Mr. Kassimis thanked Mr. Abrams for guiding the Board through this process. Mr. Jellerette seconded that and said it was not easy. Ms. Yang agreed and thanked the members of the public who weighed in.

Mayor Rilling said this was a very grueling process. He expressed his appreciation to Mr. Ellis and all the members of the Finance team. He also thanked Mr. Dachowitz for being available. He said he will ensure the department heads live within their budgets, unless there are unforeseen circumstances. He said he ordered an immediate hiring freeze and asked the Board of Education to do the same. Mayor Rilling added that he also suggested some job consolidation.

Mr. Abrams acknowledged the tireless work done by Mr. Ellis and Ms. Cawai on behalf of the Board of Estimate and Taxation. Mr. Ellis said this was a team effort and expressed his thanks to the department heads for their cooperation.

Mayor Rilling acknowledged Mr. Livingston.

****	MR. KASSIMIS MOVED TO ADJOURN**
****	MOTION PASSED UNANIMOUSLY**

There was no further discussion, and the meeting was unanimously adjourned at 8:20 p.m.

Respectfully submitted,

Rosemarie Lombardi
Telesco Secretarial Services