CITY OF NORWALK
BOARD OF ESTIMATE AND TAXATION
REGULAR MEETING
FEBRUARY 7, 2022
VIA TELECONFERENCE

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ATTENDANCE: Edwin Camacho, Chair; Harry Rilling, Mayor; Ed Abrams; James Frayer; Troy Jellerette; Artie Kassimis

STAFF: Lisa Biagiarelli, Tax Collector; Henry Dachowitz, Chief Financial Officer; Irene Dixon, City Clerk; Tom Ellis, Director of Management and Budgets

OTHERS: Joe Andrasko, Oak Hills Park Authority

Mr. Camacho called the meeting to order at 6:30 p.m.

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

1. **APPROVAL OF MINUTES**

January 3, 2022 – Regular Meeting

The following corrections were made to the minutes:

Page 2: screed should be screen

Page 3: He asked about the cost for the unlimited passes. Should read – he asked for the cost amount of the unlimited passes being offered.

Page 4: tac should be Tax

**** MR. JELLERETTE MOVED TO APPROVE THE MINUTES AS AMENDED**
**** MOTION PASSED WITH ONE (1) ABSTENTION (MR. KASSIMIS)**

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

There were no special appropriation requests presented this evening.

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

SECTION B

CITY OF NORWALK TRANSFERS 2021-22
BOARD OF ESTIMATE AND TAXATION

FISCAL YEAR 2021-22:

TAX COLLECTOR:

From		To		Amount
01-1330-5110	Salary & Wages – Reg.	01-1330-5120	Salary & Wages - Overtime	$20,000

This transfer is to cover overtime wages due to vacancies and COVID-19 Illnesses in the Tax Collector's Department.

Finance recommends approval.

Ms. Biagiarelli reviewed the request for $20,000 to cover overtime wages. She noted that the nature of their work is that they cannot fall behind. She said that last year her office returned close to $50,000 in their salary account due to the vacancy.

**** MR. KASSIMIS MOVED TO APPROVE THE TRANSFER AS REQUESTED**
**** MOTION PASSED UNANIMOUSLY**

. **ADDITIONAL INFORMATION** (Section D)

Financial reports

• Oak Hills Financial Status – December

Mr. Andrasko reported that the financials in the meeting packet reflect the month of December.

The restaurant is anticipated to open in March. At the end of January 44 unlimited passes were sold.

Mr. Frayer asked Mr. Andrasko about the comp rounds because there was some confusion over the cost on the Golf Now system. He asked if revenue comes to the City for non-revenue rounds. Mr. Andrasko explained that is the cost of having a point of sale operating system; otherwise they would be using pencil and paper. He said the point of sales system is given three rounds per day. Mr. Andrasko offered to go back to see how many of those rounds were sold. He noted that this is the way Golf Now structures their accounts and this is typical for these services.

Mr. Frayer said that he did not want to see a barter system. He said he registered his concern about bartering before. He said this is an expense that is being buried through an understatement of revenues and has a hard time understanding this. Mr. Camacho said that according to Mr. Andrasko, this is how the point of sales operate in the industry. Mr. Dachowitz suggested they develop an RFP to see if what the alternative is.

Mr. Jellerette agreed with Mr. Frayer and said this has been going on month after month. He said the Chair of the Oak Hills Park Authority said he would check with the Pro.

Mr. Andrasko will attend the March meeting to explain how the point of sale system works.

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

Presentation of the FY 2022-2023 Recommended Operating Budget

Mayor Rilling made an opening statement, thanking and recognizing Mr. Dachowitz and Mr. Ellis. He also thanked the City's department heads. He said they are very responsible and live withing their budgets. He said the budget that was created is a work in progress; there is a lot of work to do.

Mayor Rilling said that in the last two years, they had a very difficult situation where people lost jobs and struggled financially. He added that children are struggling and that remote learning may not have been effective. Mayor Rilling said they are trying to be frugal and want to do all they can to protect the City's AAA bond rating. He said the City has a healthy fund balance, but they have to be careful because it will not last forever. He said the department heads have been very good at turning money back into the City.

Mayor Rilling said the budget is fair, but there is room to make savings and cut expenses. He said they can't keep taxing the residents to the point where they can't stay in their own homes. He said that they have to do all they can to help the residents. He thanked Mr. Dachowitz and Mr. Ellis.

Mr. Dachowitz shared his screen and presented the recommended operating budget for FY 2022-23. He reviewed the budget process and said the tax levy will be set on May 2, 2022.

Mr. Dachowitz said this is about making choices and trade offs, because there are not enough resources to get everything. He reviewed the laws of economics as they apply to the budget. He said that last year the City's side was $189 million and the school was $208 million. He said the City provides services to the schools and do not provide them with a bill. These numbers are misleading; they are in kind services provided by the City.

Mr. Dachowitz said the percentage split has been 40% City and 60% for the schools. This split has been consistent for the last eight years. He reviewed the historic allocations of local tax dollars. He said there was a lot of special funding over the last two years and reviewed the Covid and ARPA reimbursements. On the City side, $20 million of the ARPA funds was designated to reduce the general tax increase; $15-20 million was targeted for flood mitigation and the rest was designated for community Services, Economic and Community Development and high speed fiber optic cabling in the City.

Mr. Dachowitz explained that the public school and the City entered into a joint agreement with Evergreen to conduct an efficiency study. He reviewed the scope of service and noted that the interim reports have been communicated verbally with senior executives. The final report is targeted for release in March.

The recommended operating budget is $216 million for the Board of Education which represents a $7.8 million increase over last year which is a 3.75% increase and $196.2 million for the City which represents a $7 million increase which is a 3.69% increase over last year.

Mr. Dachowitz reviewed the City's expenditures as well as the Board of Education's expenditures.

Mr. Dachowitz acknowledged the Pension Board and said they did very well and expressed his appreciation. He said he had been very impressed by their discipline. He said he was pleased to report that for June 30, 2021 their rate of return on the pension plan was 27.75%. He said they are 90% funded. Mr. Dachowitz also reported that on the OPEB (other post employment benefits), and said they are 103% funded. He reiterated that he was very pleased with the great performance of the Pension Board.

Mr. Dachowitz discussed the rainy day fund. He said that it is at $68.4 million with a $4 million planned use of funds being drawn down for FY 2023. He explained that they are facing challenges and will have to borrow so much that it will impact the City's credit rating. He suggested looking at what the City can afford.

Mr. Dachowitz reviewed how the tax levy translates into the mill rate by district.

Mr. Dachowitz fielded questions from the Board.

Mr. Jellerette said he appreciated Mr. Dachowitz' comments about the AAA rating and asked what is needed to keep that rating. He said he hoped the Common Council will take into consideration some of the comments that some things may have to be delayed.

Mr. Jellerette requested a copy of the credit rating with the key ratios.

Mr. Abrams asked Mr. Dachowitz to restate his comments on the efficiency study. Mr. Dachowitz said that the efficiency study started last fall and he asked for results before setting this year's budget. They have their draft findings and have set up meetings during the month of February to review their findings. This allows the Board of Estimate and Common Council to incorporate that information into their budget decisions.

Mr. Kassimis asked Mr. Dachowitz if he foresees any changes to the operating budget. Mr. Dachowitz said that he and Mayor Rilling jointly issued this recommended operating budget, but there could be changes based on recommendations from others. The goal is to give everyone the most valuable information to make the best decision.

Mayor Rilling said that last year, he asked the department heads to come in lower and said he is doing the same this year.

Mr. Dachowitz said the AAA credit rating in CT has a ratio to debt service of 10% or less. The City is at 9%. He said they need to borrow $15 million each summer. He added that the IRS rules for tax exempt status borrowing is very clear. The City can't borrow more than it needs and can't hold the funds for longer than it needs. If the City violates the rules, the IRS can declare the bonds taxable. He said he is trying to not run out of money and stop construction, while at the same time he does not want to run into an IRS problem.

The City side has a lot of projects and the Board of Education is building schools. Currently the City pays off $20 million in bonds every year, which increases the debt load and the interest rate.

Mr. Dachowitz said he sees dark clouds on the horizon and looking two to three years down the road, there is an opportunity for officials to take action. He said the recommended budget is balanced, fair, shows fiscal restraint and is affordable for Norwalk single family owners. Mr. Camacho thanked Mr. Dachowitz for the presentation and said there is good news and sobering news. Mr. Dachowitz said they are all in this together. He added that he did not envy the tough choices that have to be made.

The remainder of the agenda items were for informational purposes.

• Year-to-date Capital Budget Report – FY 2021-22
• Year-to-date Operating Expenditure Report – FY 2021-22
• Year-to-date Operating Revenue Report – FY 2021-22
• Police Wages
• Fire Wages
• Public Works Wages
• Year-to-date BOE Operating Expenditure Report – FY 2021-22
• Tax Collector's Narrative – December 2021
• Tax Collector's Report – December 2021

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

There was no further business, and the meeting was unanimously adjourned at 8:22 p.m.

Respectfully submitted,

Rosemarie Lombardi
Telesco Secretarial Services