CITY OF NORWALK
BOARD OF ESTIMATE & TAXATION
SPECIAL MEETING
VIA TELECONFERENCE
MAY 16, 2022

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

STAFF: Henry Dachowitz, Chief Financial Officer; Alan Lo, Building and Facilities Manager

OTHERS: James Giuliano, Program Manager

Mr. Camacho called the meeting to order at 6:32 p.m.

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

Ms. Dixon read the following resolution.

**** MR. ABRAMS MOVED TO APPROVE THE FOLLOWING:**

RESOLUTION: REQUESTING AN INCREASE IN SPECIAL CAPITAL APPROPRIATION IN THE AMOUNT OF $4.0 MILLION TO THE BOARD OF EDUCATION FOR THE NEW SOUTH NORWALK (SONO) ELEMENTARY SCHOOL FOR A TOTAL PROJECT BUDGET OF $76.0 MILLION. ACCOUNT

#0922-5010-5777-C0808.

Mr. Lo gave an overview of the request for $4 million dollars to increase the amount of funding for the South Norwalk school from $72 million to $76 million.

Mr. Lo reviewed the history of the project that began about five years ago. He said the primary objective is to build a neighborhood school in South Norwalk. Mr. Lo said there is a possibility that they will have to come back for additional funding, depending on the purchase price and construction prices. The construction costs are very volatile and they are facing 8 – 10% increases in construction costs.

Mr. Lo explained that a few weeks ago, the State approved increasing the reimbursement rate to 60%. He said the location of the property they wish to purchase is still confidential, but they are looking to close on that purchase at the end of the month.

Mr. Camacho asked how the 60% reimbursement will work. Mr. Dachowitz explained that according to the IRS, they are not allowed to borrow tax free unless they spend the proceeded withing a certain amount of time. He said that every quarter, he and Ms. Lam reach out to the departments to ask for an estimate of their cash flow quarter by quarter for the next year. They do cash flow projections for the projects to be sure there is enough funding for the projects.

Mr. Dachowitz said he understood that all new projects will be reimbursed at 60%. He said that for very large projects, they may have to borrow for cash flow costs. Mr. Dachowitz said that the State insists that the local approval is for the gross amount of the project, except for the new high school.

Mr. Frayer said that in the back up materials, it looks like the increase in cost will be higher than $4 million. H asked Mr. Lo if he will have enough money from a gross amount standpoint. Mr. Lo explained that it is an estimated projection. The building contingency cost is per year.

Mr. Dachowitz said he is worried about the projects that will be starting; the numbers can be higher due to inflation and they may have to reexamine the numbers. He noted that State finances can change and they are monitoring that carefully. The longer projects get delayed, the more careful they have to be.

Mr. Dachowitz discussed the restrictions in place when borrowing tax free dollars. He said he explored taxable bonds, but they were not a good option.

Mr. Jellerette asked when the South Norwalk school was expected to be completed. Mr. Giuliano said they anticipate the shovels in the ground in March 2024 and move in August 2024.

Mr. Dachowitz expressed concern about the debt service and said it is near 10% and is going up; however, the good news is the City has a large rainy day fund and the pension plans are 90% funded. He noted as the interest rates go up, and if the City loses its AAA rating, the interest rates will increase. Mr. Jellerette said he supported Mr. Dachowitz' caution in protecting the City's AAA rating.

**** MOTION PASSED UNANIMOUSLY**

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

There was no further business, and the meeting was unanimously adjourned at 6:59 p.m.

Respectfully submitted,

Rosemarie Lombardi
Telesco Secretarial Services