CITY OF NORWALK
FINANCE/CLAIMS COMMITTEE
SPECIAL MEETING
MAY 16, 2024

ATTENDANCE: Greg, Burnett, Chair; Heather Dunn, Jim Frayer, Johan Lopez, Doug Sutton

OTHERS: Chitsamay Lam, Comptroller; Lisa Biagiarelli, Tax Collector, Atty. Darien Callahan, Jared Schmitt; Ralph Kolb, WPCA; Paul Gorman, Tax Assessor; Jessica Vonashek, Chief of Community and Economic Development, Joel Rottman, the Norwalk Housing Authority Development Consultant

CALL TO ORDER

Council Member Burnett called the meeting to order at 7:11 p.m.

ROLL CALL

Council Member Burnett called the roll. A quorum was present.

PUBLIC PARTICIPATION

There was no one present who wished to address the Committee at this time.

APPROVE THE MINUTES

- **April 11, 2024-Regular Finance and Claims Committee Meeting.**

**** COUNCIL MEMBER FRAYER MOVED THE MINUTES OF THE APRIL 11, 2024-REGULAR FINANCE AND CLAIMS COMMITTEE MEETING.**
**** THE MOTION TO APPROVE THE MINUTES OF THE APRIL 11, 2024-REGULAR FINANCE AND CLAIMS COMMITTEE MEETING AS SUBMITTED PASSED UNANIMOUSLY.**

TAX ASSESSOR REPORT.

Mr. Gorman said that he had been appointed as the Tax Assessor which was effective two weeks ago. He said that he had submitted a report to Ms. Lam last week, but the numbers have changed dramatically. Unfortunately, his office was not able to produce a new report for this meeting because information was still being entered for the elderly and disabled home owners and for those who have applications in for Board of Assessment Appeals. The deadline for the elderly and disabled home owners was on May 15th. The advertising that the office did with the tax bills and through other means was very effective. Mr. Gorman said that the Board of Assessment

Appeals were awarding something in the neighborhood of $11 million dollars. Mr. Gorham will send the report to Council Member Burnett to distribute to the other Committee members.

CLAIMS COMMITTEE REPORT: MAY 2024.

Ms. Biagiarelli said that there were a number of items that were special request. One was a real estate refund request for $682,389.66 from Home Depot due to a duplicate payment in 2022 that was made electronically. She reviewed the details to the Committee members for their consideration.

**** COUNCIL MEMBER FRAYER MOVED TO APPROVE THE REFUND OF $682,389.66 TO HOME DEPOT BECAUSE OF A DUPLICATE PAYMENT.**
**** THE MOTION PASSED UNANIMOUSLY**.

Council Member Burnett stated that this item would be presented to the full Council for final approval on May 28th.

The second special refund request was from the Toyota Lease Trust for an overpayment of $40,185.87 due to a pro-rated estimate.

**** COUNCIL MEMBER FRAYER MOVED TO APPROVE THE REFUND OF $40,185.87 TO THE TOYOTA LEASE TRUST DUE TO A PRO-RATED PAYMENT.**
**** THE MOTION PASSED UNANIMOUSLY**.

Council Member Burnett stated that this item would be presented to the full Council for final approval on May 28th.

MONTHLY TAX COLLECTOR'S REPORTS DATED APRIL 2024 – RECEIVE REPORT AND DISCUSS.

Ms. Biagiarelli presented her April report as follows:

> As of the end of April 2024, having concluded ten months of the fiscal year, we collected more than $372 million against what is now our $379 million adjusted levy. The cumulative net adjusted levy remains significantly reduced from the original budgeted levy by more than $4.1 million, primarily due to credits resulting from stipulated judgments in property tax appeal cases. As of the end of April 2024, our current collection rate was 98.13%. We also collected 98.8% of our sewer use levy, more than $18 million, and 86.26% of the Industrial Pretreatment Program (IPP) fee billing on behalf of the WPCA.
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> Compared with the prior fiscal year, we ended April 2024 very slightly behind last year for collection of taxes (-0.03%); and slightly ahead for sewer use (.25%), and the IPP fee (.33%). Through the end of April, 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.

With regard to prior years' collections, we have collected (net) in excess of $3.4 million in past due taxes and interest in the first ten months of this fiscal year. Our year-to-date collections of back taxes and interest through the end of April 2024 are $2 million more than what we collected during the same time period of the prior fiscal year. This variance is primarily a result of the tax sale endeavor.

We filed lien continuing certificates for accounts with balances due on the 2022 grand list in the town clerk's office on April 2, and expect to resume our normal schedule of filing liens in mid-March next year.

Our third-party collection agency continues to bill on our behalf for suspended motor vehicle accounts. We began working with this agency in late 2022. Through the end of March 2024, in conjunction with their efforts, we collected more than $933,094 in past due motor vehicle taxes and interest due directly to the City, as well as more than $140,282 in fees due to the agency. The agency's fees are charged in addition to the taxes and interest due to the City and are paid by the taxpayers who owe the past due bills. This has been a successful endeavor, and we will continue to work with the agency going forward.

We continue working on the tax sale, scheduled for Monday, September 9, 2024. Our targeted collection for this sale was 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 added more properties and sent another set of letters in early 2024, bringing the total number of properties to 191. As of this writing, we have already collected in excess of $2.9 million on sale properties since November 2023, and there are 114 properties remaining in the sale. We will begin photographing the individual properties within the next few weeks, and will issue our tax sale demands later in May. We expect to file notices of sale on the land records and post the properties online within the next four to six weeks, officially commencing the tax sale process.

The purpose of the tax sale is to enforce collection of past due taxes. I provided some information on what a tax sale involves and why we do them in the January 2024 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 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. 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.

We are moving quickly to the end of our fiscal year in June, and the beginning of the new fiscal year on July 1, 2024. With regard to the upcoming billing of our 2023 grand list, we will be working with the Assessor's Office to try to get our billing files to our printer as soon as possible with a target date of the last week of May. This would enable us to get bills in the mail to taxpayers by the second week of June. This is optimal, as it extends the collection period to six to seven weeks, rather than condensing it to only the weeks of the month of July, which is
what occurs when we mail bills late in the month of June. Our division is entirely dependent upon the Assessors for billing and assessment information. They are responsible for real estate and business personal property assessment data; for data they receive from the Department of Motor Vehicles for our vehicle tax bills; and for property transfers, which also affect our billing. They also receive, analyze, and process the property tax relief applications submitted by the 1,300+ households that receive city or state property tax relief. The billing cannot proceed until the Assessors have completed all their tasks and released their information to us. Further,
we are dependent on our software vendor to process the data, so we can then release it to our third-party printing and mailing vendor. This will be our third major billing using our QDS software, following the June 2023 and January 2024 tax billings, and we anticipate being more familiar with the process this year. I will continue to keep all stakeholders advised of our progress, and am available to respond to any questions, issues or concerns.

NARRATIVE ON TAX COLLECTIONS DATED MAY 2024 –
Receive Report and discuss.

Ms. Biagiarelli explained that due to the fact they were still in the month of May, there was no finalized data available at this time.

Council Member Burnett thanked Ms. Biagiarelli for her reports.

RECEIVED OAK HILLS PARK AUTHORITY MONTHLY FINANCIAL STATEMENTS FOR MARCH 2024.

Mr. Burnett said that no one from the Oak Hills Authority was in attendance to present the item so the item would be tabled to next month.

Discuss and approve FY 2024-2025 Parking Authority Budget.

Mr. Burnett said that there was no one from the Parking Authority was in attendance to present the item so the item would be tabled to next month.

Discuss and approve FY 2024-2025 Water Pollution Authority Budget.

Mr. Ralph Kolb, the Senior Engineer for the WPCA greeted the Committee and gave a brief overview of the system. He then presented his report as follows:

The Norwalk Water Pollution Control Authority (WPCA), an enterprise fund, manages the City's sanitary sewer collection system, pumping stations and wastewater treatment facility in accordance with environmental standards and regulations in the most cost effective and responsible manner.

Enclosed is the WPCA's FY2024/25 budget as approved at the WPCA Board of Directors meeting held on February 20, 2024. The WPCA approved a 4.5% sewer use charge increase.

In early 2024, the WPCA's consultant, Woodard & Curran, finished updating its Dynamic Financial Model with current and future capital and operating budget spending, future bonding, and feedback from the WPCA Board of Directors, Mayor's Office and Finance Department. This model covers a forecast period of five years, from FY2025 through FY2029, and emphases the FY25 budget. The WPCA anticipates updating the model at least annually for future financial planning and budget preparation.

The WPCA and Veolia Water North America (Veolia) partnership continues to make significant progress in many key areas such as collections system operation and maintenance, emergency response, customer service, asset preservation, enhanced operations, and high quality effluent. In FY2023/24, multiple projects were completed including enhanced nutrient and nitrogen monitoring at the WWTP, sludge blend tank #1 rehabilitation, scum/filtrate processing enhancement, smart ball to assess the condition of the Keeler Brook Pump Station Force Main, and removal of building pile from 60-inch sanitary sewer interceptor.

In September 2022, the WPCA submitted a Sanitary Sewer Collection System Master Plan Update to the Connecticut Department of Energy and Environmental Protection (DEEP). In September 2023, a Facility Plan Update was submitted to DEEP. In February 2024, DEEP and City staff participated in progress meeting discussing both plans and long-term capital improvement recommendations.

The WPCA looks forward to continuing its ongoing capital improvements of rehabilitating collection system infrastructure, pump stations, and improvements at the Wastewater Treatment Plant.

Several key operating budget line items to note are as follows:

Revenues:

- Rate increase of 4.5%, which is an increase of $18 residential; $26 commercial; and

$0.46/1,000 gallons commercial consumption per WPCA Financial Model.
• Nitrogen Credits (~$30k) for 2023, waiting for pricing from DEEP
• Includes line item for reimbursement ($139,806) of WPCA support services billed to the City.

Expenditures:
• Operation and maintenance fee account increase of 3.5%
• Includes line item for reimbursement ($763,653) of City support services billed to WPCA
• Debt service payments increasing due to bond funding of capital improvement projects
• Includes 2 new positions for FY24/25 (positions are to support the current and future projects)

Council Member Burnett said that the report was very detailed and clear.

**** THE MOTION TO APPROVE THE FY 2024-2025 WATER POLLUTION AUTHORITY BUDGET AS PRESENTED PASSED UNANIMOUSLY**.

Council Member Burnett stated that this item would be presented to the full Council for final approval on May 28th.

Authorize the Mayor, Harry W. Rilling, to enter into an agreement with the Norwalk Housing Authority, Sound Communities, Inc. and SC Meadow LLC for the abatement of real property taxes pursuant to C.G.S. § 8-215 and Norwalk Code 58-1 et. seq. at a rate of five percent (5%) of the aggregate rents collected with respect to the Meadow Gardens affordable housing development excluding any rental assistance subsidies, and reduced by direct costs of utilities and trash payments paid by the Developer for such fiscal year for the following Term:

> **(i) seventeen (17) years from the date of completion of the project as reflected by the issuance of the first certificate of occupancy or temporary certificate of occupancy for the last unit in the project, or**
>
> **(ii) nineteen (19) years from the date when all parties have signed the Agreement, whichever shall occur first**.

**** COUNCIL MEMBER FRAYER MOVED THE ITEM**.

Council Member Burnett said that Atty. Callahan, Mr. Joel Rottman, the Norwalk Housing Authority Development Consultant; and Ms. Vonashek, the City of Norwalk's Chief of Community and Economic Development, were present to give an overview of the item.

Atty. Callahan greeted the Committee and said that this was a request by the Norwalk Housing Authority to set the taxes. These type of tax agreements had been done in the past.

Atty. Callahan said that Meadows Street had been built in the 1960s, and has been deemed as obsolete by HUD's standards, which means it will cost more to rehab than it would be for new construction. Atty. Callahan said that it was a $35 million dollar project and was being funded partially by Low Income Housing Tax Credits and partially by HUD funding.

The development itself is 55 affordable housing units, 36 of which are reserved for households earning 30% of AMI (Area Median Incomes) and 19 of the remaining units are reserved for those earning up to 50% of the AMI.

The tax agreement that is being proposed is quite similar to previous ones and is pursuant to CGS 8-215, which has been codified in Chapter 58 of the Code. The specifics as it relates to the collection of taxes is that instead of paying taxes based on an assessment and the mill rate, the developer or owner will pay taxes based on a formula, which was just read into the record.

The formula is determined by multiplying the aggregate rent collected over the fiscal year reduced by the rental assistance subsidies along with the cost of utilities and trash collection payments. This number is multiplied by 5%.

Atty. Callahan said that it was his understanding that the estimated collection per year would be around $30,000. He said that Mr. Rottman would provide more clarity on that.

Atty. Callahan said that there was a typo in the agreement. He said that the following changes should be made from:

> **(i) seventeen (17) years from the date of completion of the project as reflected by the issuance of the first certificate of occupancy or temporary certificate of occupancy for the last unit in the project, or**
>
> **(ii) nineteen (19) years from the date when all parties have signed the Agreement, whichever shall occur first**.
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> TO:
>
> **(i) sixteen (16) years from the date of completion of the project as reflected by the issuance of the first certificate of occupancy or temporary certificate of occupancy for the last unit in the project, or**
>
> **(ii) eighteen (18) years from the date when all parties have signed the Agreement, whichever shall occur first**.

Mr. Rottman said that Mr. Bovilsky, the Norwalk Housing Authority Executive Director and Lisa Endow, the Norwalk Housing Authority Development Project Management had a scheduling conflict and could not attend.

Mr. Rottman said that there were 81 children that lived in the project, which is in dire need of replacement. They hope to demolish and abate the existing structures and construct a fully redesigned town home community for these families. They hope to receive Federal Low Income Housing Tax Credits and funding from the Department of Housing. In addition, there has been some State support in the form of Community Investment Funds that have already been awarded to the project.

Mr. Rottman said that they hope to take something that had become an eyesore into something new and attractive. This project is for households earning 30% of AMI (Area Median Incomes) and for those earning up to 50% of the AMI. Most of the units will have higher bedroom counts to serve families that have struggled to find housing. The reason the tax rebate is being requested was because of the lower rent agreements.

Council Member Dunn asked if they were residential or commercial properties. Mr. Rottman said that they were residential units.

Council Member Burnett asked why the numbers had changed in the agreement. Mr. Rottman explained that it had to do with acquiring the Federal Low Income Tax Credits and gave the details.

**** THE MOTION TO APPROVE THE AGREEMENT AS MODIFIED PASSED UNANIMOUSLY**.

Council Member Burnett stated that this item would be presented to the full Council for final approval on May 28th.

ADJOURNMENT.

**** COUNCIL MEMBER DUNN MOVED TO ADJOURNED.**
**** THE MOTION PASSED UNANIMOUSLY.**

The meeting adjourned at 7:55 p.m.

Respectfully submitted,

S. L. Soltes
Telesco Secretarial Services