CITY OF NORWALK
FINANCE & CLAIMS COMMITTEE
PUBLIC HEARING AND SPECIAL MEETING
FEBRUARY 15, 2024
CITY HALL COMMON COUNCIL CHAMBERS
AND
ZOOM VIRTUAL TELECONFERENCE

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Members of the public who wish to provide public comment are encouraged to submit those via email in advance of the meeting. Please email Chitsamay Lam at clam@norwalkct.org at least three hours in advance of the meeting start time to provide written public comment prior to the meeting.

ATTENDANCE: Gregory Burnett, Chair; Heather Dunn; James Frayer; Johan Lopez; Barbara Smyth; Douglas Sutton; Dajuan Wiggins (6:30 p.m.)

STAFF: Henry Dachowitz, Chief Financial Officer; Mayor Harry Rilling

PUBLIC HEARING

1. CALL TO ORDER

Mr. Burnett called the public hearing to order at 6:05 p.m.

2. ROLL CALL

Mr. Burnett called the Roll as indicated above.

3. PUBLIC HEARING ON FISCAL YEAR 2024 - 2025 RECOMMENDED OPERATING BUDGET

Mr. Burnett offered opening remarks and said the Committee members were looking forward to hearing from the public. He noted this public hearing will not address the items in the capital budget.

The goal is to keep taxes as low as possible by allocating funds necessary to maintaining and in some cases improving services for the residents. He added that the plan is to draw down from the fund balance to provide relief to the residents.

Mr. Burnett explained they are in the early phase of the budget. The recommended operating budget will consist of a 4.5% increase in the Board of Education's budget and in increase of 4.4% to the City's operating budget. He said they are presented with several budget challenges and have to make key decisions. After hearing comments this evening, the Committee will hold a special meeting to discuss the recommended budget cap. This recommendation will be presented to the full Common Council next week with a window to approve the total capital budget by March 15th. Mr. Burnett described the next steps in the budget process.

Mr. Burnett reviewed the public hearing procedure and noted the availability of translation services in Spanish and Haitian Creole.

Mr. Burnett invited Mayor Rilling to provide opening comments. Mayor Rilling expressed his thanks to all involved in creating the budget. He noted that this year is very challenging because of the 2023 revaluation. He said everyone worked hard to keep the tax base as low as possible while prioritizing services.

Mayor Rilling said he spoke with Dr. Estrella, Superintendent of Schools who expressed concern about the funding for lockers being removed from the budget. He said they are back in the budget.

There were no comments from the members of the Committee.

Public participation comments are not verbatim and represent a summarization of statements unless otherwise noted. Speakers are Norwalk residents unless otherwise noted.

Ms. Leah Beshevy noted that her comment was about the capital budget. She advocated to keep the funding for the lockers in Roton Middle School. She said they were built in 1966 and are dilapidated and too narrow for backpacks.

Mayor Rilling agreed and said the money was going back into the capital budget for the lockers.

Ms. Diane Lauricella expressed thanks for holding a hybrid meeting. She asked the members of the Common Council to review her operating budget public hearing comments for the last 10-14 years.

Ms. Lauricella suggested looking at where costs could be cut. She said the Norwalk Public Schools could reduce energy costs by having an aggressive solar power plan at existing schools. She said this would reduce fuel use. She also suggested that the Department of Public Works take over waster management for the school system. She said there is very little, if any recycling at the schools. Another suggestion was to end the Welcome Center rental and gift this to a city owned property.

On the City side, Ms. Lauricella said they need to look at hiring a full time grant coordinator. In addition, they need to trim the Chief of Staff's budget as well as the DEI budget. She suggested reducing energy use by using ground mounted, canopy and roof top solar on existing buildings.

Ms. Lauricella suggested increasing revenue by hiring a full time grant coordinator, creating energy, enforcement fines and providing naming rights, especially to the new high school stadium.

Ms. Lisa Brinton said it was difficult to comment on the budget without seeing the grand list. She said she was going to address the debt service, Public Works and the Board of Education.

Ms. Brinton said she was concerned about the percentage the State will reimburse the new Norwalk High School project. She said the Department of Public Works has been consistently underfunded. She raised concern about the potential over lap between the department of Economic and Community Development and the Department of Transportation, Mobility and Parking. She said she did not understand why they are not under the DPW umbrella.

Ms. Brinton said she supports the 4.5% increase for the Board of Education. She suggested the teachers may not need more time if they were not micro managed by central office staff. She expressed concern about turnover and said she lacks confidence in the Board of Education.

Ms. Brinton advocated for hiring Blight Enforcement Officers.

Mr. Constantine Favano said it was hard to understand the percentage increases and asked if there was a good reason. He said they should not have a budget above inflation. He expressed concern over using the rainy day fund and said they need to keep that in the event of a recession.

Mr. Wiggins joined the meeting at 6:30 p.m.

4. **ADJOURNMENT**

There were no other comments and the public hearing was adjourned at 6::30 p.m.

Followed by a Special Meeting of the Common Council Finance and Claims Committee at 7:30 PM

ATTENDANCE:	Gregory Burnett, Chair; Heather Dunn; James Frayer; Johan Lopez; Barbara Smyth; Douglas Sutton; Dajuan Wiggins
OTHERS:	Melissa Murray
STAFF:	Lisa Biagiarelli, Tax Collector; Henry Dachowitz, Chief Financial Officer; Paul Gorman, Tax Assessor; Joyce Liu, Director of IT; Mayor Harry Rilling

1. **CALL TO ORDER**

Mr. Burnett called the meeting to order at 7:30 p.m.

2. **ROLL CALL**

Mr. Burnett called the Roll as indicated above.

3. **CLAIMS COMMITTEE**: February 2024

Ms. Biagiarelli reported there were no special requests for claims this evening. The list is for informational purposes only.

Ms. Biagiarelli highlighted her report as follows:

4. **NARRATIVE ON TAX COLLECTIONS DATED FEBRUARY 2024** – Receive Report and discuss.

5. **MONTHLY TAX COLLECTOR'S REPORTS DATED JANUARY 2024**– Receive Report and discuss.

As of the end of January 2024, having concluded the first seven months of the fiscal year, we collected more than $347 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 is still down from the original budgeted levy by nearly $3.8 million, primarily due to credits resulting from stipulated judgments in property tax appeal cases.

As of the end of January 2024, our current collection rate was 91.6%. We also collected 93.26% of our sewer use levy, more than $17 million, and 82.57% of the Industrial Pretreatment Program (IPP) fee billing on behalf of the WPCA. Compared with the prior fiscal year, we ended January 2024 slightly ahead of last year for collection of taxes (1.32%); sewer use (.33%), and down slightly for the IPP fee (-.55). The current collection period ended on February 1, but throughout the first week of February, we continued to process payments timely received. Accordingly, we will not be able to accurately assess our collection until we can compare reports through the end of the month of February. Tax bills were due by law on January 1, 2024, but taxpayers had a month from the due date to pay without interest. The collection went well and there were no major issues.

Regarding prior years' collections, through the end of January, 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 are moving forward with work on our July 2024 tax sale. Last month we began assigning title searches and are now starting to receive some of those searches back. In November 2023, we mailed preliminary letters to owners of about 100 properties scheduled to be included in the sale, advising them of the impending sale.

The sale date is Monday, July 22, 2024. To date, we have already collected more than $900,000 in approximately eight weeks' time. Our year to date collections of prior years' taxes and interest through January 2024 are already nearly $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. State law gives the tax collector this authority. In some ways it is similar to a foreclosure, but does not require a lawsuit (going to court), and the city is not responsible for satisfying other lienholders, if any. It requires a series of notifications to the owner and to anyone with a choate (recorded) encumbrance on the property, and publications and other procedures to provide notice to the public at large. Because it involves taking property, there are constitutional issues involved. The tax collector is required to follow statutory procedures exactly and to ensure equal treatment of all property owners. The tax collector is subject to personal liability, without indemnification by the City, if an aggrieved taxpayer brings a successful civil rights action against the tax collector for violation of their federal civil rights.

The 2024 tax sale will be our 10th sale since 2003. We have collected a cumulative total of more than $42 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. The tax collector and office staff conduct the sale "in house," meaning all the work leading up to, and at, the sale is done by office staff, not hired attorneys, with the sole exception of the title searches and security on the day of sale. This results in savings of thousands of dollars in fees that otherwise would have been charged to taxpayers who are already struggling to meet their tax obligations.

Norwalk is one of only a few CT municipalities that do this work in-house; most other towns hire outside attorneys to perform their tax sales, with all the additional costs being borne by the delinquent taxpayers. The purpose of the sale is to enforce collection of back taxes and not to attempt to redistribute property. Usually 90 – 95% of the properties originally slated for sale are removed from the sale when the back taxes are paid. We have had tax sales with several dozen properties remaining on the day of sale, but it is more usually about a dozen; all the others will have paid in order to avoid the sale. After the sale, the owners of the properties or any choate lienholder still have the right to redeem the property, basically by paying off the bidder. The sale is a public auction; anyone who does not owe back taxes to Norwalk is allowed to bid. Owners and lienholders are not permitted to bid on their own property, and city staff who are involved in the sale are not permitted to bid. Leading up to the sale, we will continue to provide more information about this initiative. Tax sale is effective and 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 have to 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. 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. As of the end of January 2024, we have been collecting based on their billing for 14 calendar months. In conjunction with their efforts, we have collected more than $1.1 million, including nearly $882,000 in past due motor vehicle taxes and interest due directly to the City, as well as $132,000 in fees due to the agency. Their 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. In early 2024 we worked with the Comptroller's office to implement a wage garnishment for those City and Board of Education employees who owed past due taxes.

We are also working with the Department of Health, as health permits renewed in January 2024; taxpayers owing past due business personal property taxes must pay back taxes that are more than one year past due before being issued a health permit or renewal. In the coming weeks, we hope to work with our software vendor to create files for delinquent notices. 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. After demand notices are sent, we will begin the process of filing lien continuing certificates in the town clerk's office, likely during the second week of March 2024. I will continue to keep all stakeholders advised of our progress, and am available to respond to any questions, issues or concerns.

In response to Mr. Lopez' question, Ms. Biagiarelli said collections are pretty stable. Mr. Lopez asked about potential consequences in transferring permits. Ms. Biagiarelli explained they had a revaluation in 2018 and many taxpayers too their case to the Supreme Court. It takes several years for the cases to be adjudicated. She noted they have to honor the court decision and in some cases had to give the money back to the taxpayers who made payments.

Mr. Burnett said the numbers were heading in the right director and they will know better when the second payments are due.

6. **TAX ASSESSOR UPDATE ON THE REVALUATION PROCESS**.

Mr. Gorman reported there were not a lot of changes from last month. He said they provided Finance with some grant list numbers. They are in the final stages to be sure everything is accurate before submitting the grand list to the State.

The Board of Assessment appeals end on March 20th.

Mr. Burnett asked if the number of meetings was in line with what was expected. Mr. Gorman said the percentage of meetings booked was about 4 – 4 ½% for residential and they were expecting around 4%. They expected the commercial appeals to be higher. Mr. Gorman said their goal was to be accurate and fair to the residents. He added that it is very difficult to mitigate commercial revaluation.

7. **RECEIVED OAK HILLS AUTHORITY MONTHLY FINANCIAL STATEMENTS FOR DECEMBER 2023 AND AUDITORS' REPORT FOR THE YEAR ENDED JUNE 30, 2023**.

This discussion was deferred to the March meeting. Mr. Burnett said they hope to have news about a possible vendor going into Oak Hills at that time.

**** MS. DUNN MOVED TO AUTHORIZE THE PURCHASING AGENT TO ISSUE A PURCHASE ORDER TO GOVCONNECTION, INC., IN AN AMOUNT NOT TO EXCEED $109,646.89 FOR PURCHASE 790 MICROSOFT OFFICE 365 ANNUAL LICENSES. GOVCONNECTION, INC. IS ON STATE OF CT CONTRACT -# NCPA 01-144 ACCOUNT NO. 011370-574C**

Ms. Liu reviewed the request and explained how the software would be used by the staff. Mr. Burnett noted the expiration date of February 29th and asked if moving the item to the Common Council for approval on February 27th would be enough time to enact the contract. Ms. Liu said it would be enough time as long as they have a purchase order.

** **MOTION PASSED UNANIMOUSLY TO MOVE THIS ITEM FORWARD TO THE FEBRUARY 27, 2024 MEETING OF THE COMMON COUNCIL**

9. **REVIEW RECOMMENDED FY 2025 OPERATING BUDGET**.

Mr. Burnett asked Mr. Dachowitz to walk the Committee through the operating budget.

Mr. Dachowitz shared his screen and presented the Mayor's recommended operating budget for FY 2024-2025. He reviewed the calendar and said the Common Council would received the budget cap on February 27th and will set the final budget no later than April 16th. The Board of Estimate and Taxation will set the final budget and tax levy in early May.

Mr. Dachowitz presented historical allocations of dollars. He said the City has in kind services performed on behalf of the Board of Education. The City's expenditures are consistently 40% and the Board of Education is 60%.

Mr. Dachowitz presented the covid and ARPA reimbursements. The total ARPA monies was $64,134,431 and the money has to be spent within two years.

Mr. Burnett asked if the debt service and pension plan numbers are set. Mr. Dachowitz explained the debt service is the amount due this year. The pension plan is funded how the actuaries say it should be funded. He noted that Norwalk wisely budgets for the full amount and the rating agencies view this very favorably. He said the rates have gone up. He said the only way they will come down is if they end up borrowing less than the amount that is maturing or if the interest rates come down.

A big challenge is the City has about $200 million of approved capital project that have not yet been bonded. They borrow based on cash flow needs while complying with IRS regulations.

Mr. Frayer asked if they cold be less conservative in funding the pension. Mr. Dachowitz said the Financial Advisory would be the best one to advise on this. Mr. Frayer asked Mr. Dachowitz if he had any idea how much surplus they will see at the end of the year. Mr. Dachowitz said they have not historically run a surplus. They did not have to draw down from the Rainy Day Fund because of staff vacancies. He said he has not heard anything about running a deficit in fy 2024.

Mr. Dachowitz reviewed the major budget drivers. He explained they plan to draw down $6,000 from the Rainy Day Fund, leaving a balance of $66,833,252. He said he is comfortable at 15% and said this is one of the pillars and they can highlight this when they go to the rating agencies.

Mr. Dachowitz said this is a fair and balanced budget that shows fiscal restraint.

Mr. Burnett said this is the initial pass of the Mayor's recommended operating budget. There could be potential change.

Mr. Frayer asked about the additional 18 head counts and if they were going to be filled. Mr. Burnett said he understood it was a total of 19. Mr. Burnett said he understood the total of 19 positions that were initially submitted were not included in this budget.

10. **ADJOURNMENT**

**** MS. DUNN MOVED TO ADJOURN**
**** MOTION PASSED UNANIMOUSLY**

There was no further business, and the meeting was unanimously adjourned at 8:29 p.m.

Respectfully submitted,

Rosemarie Lombardi
Telesco Secretarial Services