CITY OF NORWALK
FINANCE/CLAIMS COMMITTEE MEETING
VIA TELECONFERENCE
FEBRUARY 9, 2023

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ATTENDANCE: Gregory Burnett, Chair; Edwin Camacho; Jenn McMurrer; Nora Niedzielski Eichner; Diana Revolus; Nicol Ayers (7:16 p.m.); David Heuvelman (7:16 p.m.)

STAFF: Mayor Harry Rilling; Lisa Biagiarelli, Tax Collector; Henry Dachowitz, Chief Financial Officer; Bill Ford, Tax Accessor

OTHERS: Joseph Andrasko, Oak Hills Park Authority Chair; William Hodell, Board of Education

1. **CALL TO ORDER**

Mr. Burnett called the meeting to order at 7:07 p.m.

2. **ROLL CALL**

Committee members in attendance indicated above.

3. **PUBLIC PARTICIPATION**

There were no members of the public who wished to participate this evening.

Mayor Rilling thanked the members of the Committee and said that tonight they were going to see the first draft of the recommended operating budget. He said they need to work together to have a fair, equitable and balanced budget. Mayor Rilling described the budgeting process and said that he asked all departments to be conservative in their asks.

Mayor Rilling noted that since coming into office, he has prioritized the schools and described the initiatives that were funded since coming into office. He said that the City works to deliver the best learning environment for the students and the City will commit to seeking out ways to fund various services, including mental health services for the students.

Mayor Rilling said this is a fiscally responsible budget that will not jeopardize the residents' ability to live in the City. He thanked everyone for their efforts over the next coming months.

Ms. Ayers and Mr. Heuvelman joined the meeting at 7:16 p.m.

4. **APPROVE THE MINUTES OF THE FOLLOWING FINANCE COMMITTEE MEETINGS:**

January,12, 2023- Special Joint Finance and Claims and Board of Education Finance Committee Meeting

The following corrections were made to the minutes:

Alexandra Estrella, Chair, should be Dr. Alexandra Estrella, Superintendent of Norwalk Public Schools

Remove Nora Niedzielski Eichner, from OTHERS

**** MS. MCMURRER MOVED TO ACCEPT THE MINUTES AS CORRECTED**
**** MOTION PASSED WITH ONE (1) ABSTENTION (MR. CAMACHO)**

January 12, 2023– Regular Meeting

Correct the spelling of Assessor throughout.
Page 5: She said this would be for about 15,000 and the levy would be around $4 million. This should be corrected to: She said this would be for about 15,000 items or better and the levy would be around $4 million.

**** MS. MCMURRER MOVED TO ACCEPT THE MINUTES AS CORRECTED**
**** MOTION PASSED WITH ONE (1) ABSTENTION (MR. CAMACHO)**

5. CLAIMS COMMITTEE: February 2023

Ms. Biagiarelli reported there were no claims to discuss this evening. Only one claim was refunded last month.

Ms. Biagiarelli highlighted her report as follows:

6. NARRATIVE ON TAX COLLECTIONS DATED FEBRUARY 2023 – RECEIVE REPORT AND DISCUSS.

7. MONTHLY TAX COLLECTOR'S REPORTS DATED JANUARY 2023– RECEIVE REPORT AND DISCUSS.

> As of the end of January 2023, having concluded the first seven months of the fiscal year, we had collected nearly $330 million against our $365 million adjusted levy, or 90.28%. We also collected 92.94% of our sewer use levy, more than $16 million, and 83.11% of the Industrial Pretreatment Program (IPP) fee billing on behalf of the WPCA.
>
> Compared with the prior fiscal year (January 2022) we are behind relative to taxes (-1.77%), ahead relative to sewer use (1.56%); and behind relative to the IPP fee (-4.31%). Please note that the current adjusted collectible tax levy does now reflect the addition of the 2021 grand list motor vehicle supplemental levy, which was added during the month of January 2023.

Since February 1 was the last day to pay without interest, and we did experience robust activity through the end of the first week of February, this January month end report does not truly reflect the entire collection period.

We will more accurately assess where we stand in terms of our collection goals after we close the month of February, 2023. Even then, we might falter a bit, due to the extended due date of the motor vehicle supplemental billing, payable by April 1, 2023 and discussed subsequently herein.

With regard to prior years' collections: court stipulated tax credits and other adjustments beyond our control continue to erode our prior years' collections. From July 2022 through the month of January 2023, we show a net collection of only $150,831 in principal; more than $3 million in tax credits granted in adjudicated property tax appeal cases has all but wiped out all of our year to date collection of revenue from prior years.

In 2022, the Common Council approved the use of a third party collection agency to bill past due motor vehicle taxes for which we had no valid address. In November 2022, this agency sent its first mailing to approximately 7,800 taxpayers on our behalf. In December 2022, we took in nearly $200,000 on these accounts. In January 2023, we took in another $140,000. Again, most of this revenue coming in has been offset by credits previously processed.

Tax bills for approximately $4.4 million in supplemental motor vehicle taxes are at the printer now. We expect them to be mailed before the end of February. To clarify, these supplemental vehicle bills are for newly registered vehicles that are added to the tax rolls subsequent to the "grand list" date of October 1, 2021 - first time registration, not registration renewed. Under normal circumstances, these bills would have been due January 1, payable by February 1, the same as second installment bills; however, for various reasons, the assessor's division was not able to provide billing data to us according to the usual timeline. The Board of Estimate and Taxation, the Finance & Claims Committee, and the full Common Council all approved a two month extended due date and payment period under CGS 12-142 to accommodate the delayed mailing of these bills. They are due March 1, 2023, payable without interest by April 1, 2023. This extension affects only the 2021 grand list supplemental motor vehicle bills. Second installment payments were still payable by February 1, 2023, and subject to interest as of February 2, 2023.

In early October 2022, all city departments using Munis ERP software were required to implement a major software upgrade. This upgrade did not go well and several divisions are still attempting to deal with its unforeseen effects. This upgrade is different from our assessment and tax collection software conversion that is happening in March and April 2023. The conversion will move the Norwalk assessment and tax collection administration modules off Munis entirely and onto Quality Data Services (QDS) software.

The conversion has been going well and we anticipate the final cutover will occur on March 1, 2023. I plan to get delinquent notices in the mail by the end of February 2023. In spite of our second installment tax bills having been mailed later than usual in December 2022, and our supplemental motor vehicle bills being issued late, the collection went well, as evidenced by our collection rates, which did not suffer significant impact from either event. We plan to file lien continuing certificates after the software conversion. Liens are normally filed by the second week of March, but this year, they may be filed slightly later, due to the software conversion.

Our division remains short staffed due to two vacancies out of our eight person staff. We are anxious to fill those vacancies but have not been able to move forward as quickly as we had hoped due to these other issues. Aside from the collection agency initiative, most of our delinquent enforcement activities also have been on hold in recent weeks, as staff have been occupied with most notably the software conversion to QDS.

Last month, with the Administration's input and approval I was interviewed by Matthew Ford of the Connecticut Conference of Municipalities' (CCM) for their "Municipal Voice" podcast on the subject of Norwalk's use of tax sale as a delinquent tax collection enforcement method. In November 2022, the Norwalk Tax Collector's Office won a Municipal Excellence Award at the CCM convention in recognition of our tax sale initiatives. The podcast can be viewed on YouTube here: https://youtu.be/SbbZSnMX_FE

I am prepared to respond to questions, and will continue to keep all stakeholders informed of our progress.

Mr. Burnett noting the tax collection rate was slightly behind last year's collection rate, asked Ms. Biagiarelli if she was concerned at this point. She said she was not concerned because they took in so much in February. She added that if she saw a drop as of the end of February, then she would be alarmed.

8. <u>**RECEIVED OAK HILLS AUTHORITY MONTHLY FINANCIAL STATEMENTS FOR DECEMBER2022.**</u>

Mr. Andrasko reported that their financial performance at this time is minimal. The rounds will start up again in April. They are working on some capital projects.

Mr. Andrasko said they have a line of credit, that they have not used for a few years. Due to inflation and their financial position, they increased the line of credit from $200,000 to $225,000.

There are some past due balances on the contract for the restaurant. Mr. Andrasko said they have been working with the contractor to be sure these balances are paid in full. Mr. Burnett asked if the restaurant is in service. Mr. Andrasko said the restaurant is closed for the winter, but they expect it to open in mid-March, with a St. Patrick's Day season kick off.

Mr. Dachowitz asked if the interest rate in the line of credit was locked in. Mr. Andrasko said he believed it was locked in at the 6+% range.

Mr. Burnett read the following request.

**** MS. MCMURRER MOVED TO APPROVE THE FOLLOWING**

REQUESTING A SPECIAL CAPITAL APPROPRIATION IN THE AMOUNT OF $425,000 TO INCREASE THE APPROPRIATION TO FUND 09215010-5777-C0790 SILVERMINE DRIVEWAY IMPROVEMENTS. THIS CAPITAL APPROPRIATION SHALL BE FUNDED THROUGH $425,000 OF AUTHORIZED BUT UNISSUED GENERAL OBLIGATION BONDS OR NOTES OF THE CITY. THE $425,000 OF BONDS OR NOTES OF THE CITY SHALL BE ISSUED IN ACCORDANCE WITH THE PROVISIONS AND TERMS SET FORTH IN THE ORIGINAL BOND RESOLUTIONS THAT AUTHORIZED THE ISSUANCE OF THE BONDS OR NOTES OF THE CITY FOR PROJECT #09215010-5777-C0790.

Mr. Hodell reviewed the request. He said this project was developed several years ago, but there were quite a few delays. When they went out to bid, the lowest bid came in over the amount that was initially approved. He said they were able to repurpose some funds.

If approved, this project will start the day after the students graduate in mid-June and they expect it to be completed by the first day of school.

**** MOTION PASSED UNANIMOUSLY TO MOVE THIS ITEM TO THE FULL COMMON COUNCIL FOR APPROVAL AT THE FEBRUARY 14, 2023 MEETING**

10. **TAX ASSESSOR REVALUATION PROCESS UPDATE**.

**** MS. REVOLUS MOVED TO APPROVE THE FOLLOWING REQUEST**

REQUEST APPROVAL FOR THE EXTENSION OF THE SOFTWARE AGREEMENT WITH VISION GOVERNMENT SOLUTIONS, COMPUTER ASSISTED MASS APPRAISAL (CAMA), INCLUDING CERTAIN CLOUD

SERVICES DURING THE REVALUATION FOR AMOUNT NOT TO EXCEED $35,694 FOR TWO YEARS. (ACCOUNT 011320-5255 IT SERVICES)

Mr. Ford reported that over 1,500 properties were inspected. They are running at about 50% acceptance to being allowed in the homes. He noted that it is always best to gain interior access.

Mr. Ford said they are moving ahead with additional inspections. They did receive some phone calls about the inspectors. He said that inspectors will not ask for personal information; they are only interested in the real estate.

Mr. Burnett asked about the process if a homeowner sees an inspector at their door and they are hesitant to allow them to enter their home. Mr. Ford said they could contact the Tax Assessor's office. The inspector has identification, a letter of authorization from him and they wear a yellow vest.

Ms. Niedzielski Eichner said that given the low rate, asked if it would be worth sending a preemptive letter to the residents. She said she heard comments from people expressing their concern that they were scammers. Mr. Ford said he was contacted by two districts about including information in their mailers. He said they had a press release, news organizations did articles on the revaluation and they are trying to put as much information out as possible.

Mr. Heuvelman suggested sending an initial letter to every property owner. Mr. Ford said that if they send the letter now, some neighborhoods may not be inspected until June. He added that he letters could be used by someone to scam a homeowner.

Ms. McMurrer said she did not see information on the City's website about the revaluation. Ms. Revolus suggested making appointments to go to the individual homes, because the inspection hours take place when people are generally at work. Mr. Ford said they do not maintain telephone numbers; however, there will be announced Saturday visits. He added that the inspection rates are a little low, but that is typical of a revaluation. In addition, they do not have the staff to call homeowners.

Ms. McMurrer said that robo calls are very effective and may be a resource. Mr. Ford said that you can't schedule a visit with a robo call. Ms. McMurrer said that the call could be used to communicate with people. Mr. Ford said they call people who have made renovations and most properties have already been inspected.

Mr. Heuvelman suggested planning ahead and telling the public. Mr. Ford explained that the revaluation is required every five years with a full inspection every 10 years. Covid took place during this time period and there was the potential they were going to postpone the revaluation. Ms. Revolus suggested reaching out to residents earlier.

There was a question about the $5,000 annual fee stated in the back up material. Mr. Ford said he would fix that before it goes before the Common Council. He added that he needs to review this with the attorneys, but he would like to have a vote tonight so there is no delay in the revaluation. Mr. Burnett said the back up was incorrect.

Mr. Dachowitz explained that the total amount was the same. He said he would really appreciate moving this item to the Common Council. The revaluation will be delayed without the signed contract. He said he will come back and explain this at the Common Council meeting where everyone is present. Ms. McMurrer said best practice is to review the contract. Mr. Ford agreed.

Ms. Niedzielski Eichner said she understood why this is important but was reluctant to vote if there is an error on the total. Mr. Dachowitz said they need the services. Ms. Niedzielski Eichner said she would not vote on a contract with inaccurate information.

Mr. Camacho suggested approving the amount conditionally and then consider the correct contract at the next Common Council meeting.

Ms. Ayers told Mr. Ford that he could not come to the Committee and Common Council with inaccurate information. She said she was disturbed by the tone because they were questioning the accuracy of a document. Mr. Dachowitz explained that from an operational point of view, if this gets delayed a month, it may delay the revaluation, which may cause harm.

Mr. Burnett said they could table this item to the February 14th meeting of the Common Council. He said they need clarification on this item.

**** MS. MCMURRER MOVED TO TABLE THE ITEM TO THE FEBRUARY 14, 2023 MEETING OF THE COMMON COUNCIL, PENDING RECEIPT OF UPDATED INFORMATION**
**** MOTION PASSED WITH ONE (1) VOTE IN OPPOSITION (MR. CAMACHO)**

12. **PRESENTATION OF THE FY 2023-2024 RECOMMENDED OPERATING BUDGET.**

Mr. Dachowitz presented the Mayor's 2023-2024 recommended operating budget. He reviewed the calendar and the budgeting process. He reviewed the historical allocation of local tax dollars. He said the City uses about 40% of the dollars and the Board of Education uses about 60% of the dollars.

Mr. Dachowitz said he total debt outstanding is $361.6 million, but $400 million seems to be the point where the City's AAA rating will be in jeopardy. He reviewed the key budget drivers and said they plan on a $6 million drawdown.

Mr. Dachowitz reviewed the mill rates broken down by district. He said last year's budget was $414,175,402 and this year's proposed budget is $424,361,207 which represents a 2.46% increase. He said he feels this is a balanced and fair budget that shows fiscal restraint and is affordable for Norwalk's single family homeowners.

Mr. Burnett noted that this is the first time seeing this presentation and they need time to formulate their questions and comments.

Mr. Dachowitz said he will present the proposed budget at the Board of Estimate and Taxation meeting on Monday and again at Tuesday's Common Council meeting.

13. **ADJOURNMENT.**

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

There was no further business, and the meeting was unanimously adjourned at 8:49 p.m.

Respectfully submitted,

Rosemarie Lombardi
Telesco Secretarial Services