CITY OF NORWALK
COMMON COUNCIL FINANCE AND CLAIMS COMMITTEE AND
BOARD OF EDUCATION FINANCE COMMITTEE
SPECIAL JOINT COMMITTEE MEETING
JANUARY 12, 2023
ZOOM CONFERENCING

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ATTENDANCE – FINANCE CLAIMS COMMITTEE:

Gregory Burnett, Chair; John Kydes; Jenn McMurrer; Nora Niedzielski Eichner; Diana Revolus

STAFF: Henry Dachowitz, Chief Financial Officer; Thomas Ellis, Director Management and Budgets

ATTENDANCE – BOARD OF EDUCATION, FINANCE COMMITTEE:

Sherri McCready Pritchett, Chair; Diana Carpio; Kara Nelson Baekey; Janine Randolph; Mary Ellen Flaherty Ludwig

STAFF: Alexandra Estrella, Chair, Norwalk Board of Education; Lunda Asmani, Chief Financial Officer

OTHERS: Heidi Alterman; Nicol Ayers; David Heuvelman; Thomas Livingston, Nora Niedzielski Eichner, Common Council members; Colin Hosten, Board of Education

I. **CALL TO ORDER**

Mr. Burnett called the meeting to order at 6:03 p.m.

I. **ROLL CALL**

Mr. Burnett and Ms. Pritchett called the Roll as indicated above.

Mr. Burnett announced that Mayor Rilling would be unable to join the meeting this evening. He invited Dr. Estrella to make opening comments.

Dr. Estrella said that Mr. Asmani would speak about the main drivers in the budget, particularly about the increased costs for special education and the fact that the ESSR funds were being depleted.

III. **PUBLIC PARTICIPATION**

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

Ms. Diane Lauricella said the energy needs are not being efficiently put together and they are not optimizing the use of solar energy. She said the Norwalk Public Schools do not have an efficient strategy for recycling which will save money. She added there is also a problem with the HVAC system and hopes the infrastructure and ARPA funds will be used for these systems. Ms. Lauricella added that there needs to be a reduction in the Board of Education's legal budget.

There were no other speakers this evening.

IV. **DISCUSSION OF BOARD OF EDUCATION 2023-2024 OPERATING BUDGET**

Mr. Dachowitz shared his screen and reviewed his presentation showing the guidelines for preparing the FY 24 budget. He reviewed the challenging economic outlook and the impact on the budget. He said that each department was asked to manage any regular spending increase to be contained between 2.5% to 3.5% for FY24.

Mr. Dachowitz said they intend to offset the increases on the less controllable items by utilizing the ARPA grant funds and drawing down from the unassigned unallocated reserves (Rainy Day Fund). Mr. Dachowitz reviewed the steps they propose to take.

Ms. Nelson Bakey asked about the status of the rainy day fund. Mr. Dachowitz said there is about $74 million in the rainy day fund. He noted that as far as he knows, the City has always had a rainy day fund and under Mayor Rilling, it has increased. He said he recommended drawing down from the Rainy Day Fund to offset a tax increase.

Ms. Alterman asked about the interest rate on the Rainy Day Fund. Mr. Dachowitz explained there are strict limitations on the investments they can make with those funds. When they borrow funds, they are able to do so at a reduced rate.

Ms. Alterman asked how much the City rolled over last year. Mr. Ellis said it was about $1.5 to $2 million. Mr. Dachowitz explained that the state law allows the Board of Education to roll over up to 2% of its budget into its next year's budget if it has a surplus.

Ms. Pritchett asked how much pandemic funds the City used. Mr. Ellis said it was around $7 million. About $39 million was designated to offset the future tax increases. Mr. Dachowitz explained that in the first year $11 million was designated to reduce the mill rate. In addition, Norwalk was a beneficiary of an additional $4 million due to some changes.

Mr. Dachowitz said that ARPA funds were being designated for larger capital projects. He described the oversite process.

Ms. Flaherty Ludwig asked for a comparison of the Rainy Day funds for the City and the Education funds. Mr. Asmani presented a Board of Education/Rainy Day fund chart. He said the use of the funds are very different between the City and the Board of Education. He reviewed the budget drivers.

Mr. Asmani said there is additional information on the budget on the Norwalk Public Schools website.

Mr. Heuvelman said he took exception to Mr. Asmani's presentation and said it was not a clear comparison. He said that the Rainy Day Fund allows the City to maintain its AAA bond rating and can be used for emergency expenditures. He said he was troubled by Mr. Asmani's apples to apples comparison. He added that it was disingenuous to present this.

Mr. Azima said he appreciated Mr. Heuvelman's point, but he was not speaking about the needs of the youth Norwalk Public Schools is serving. He expressed concern about the mental well-being of the youth and added that it has been shown they use the services. He said that when speaking about the budget, they can't quantify the needs for mental health services. He said he wants to be sure people don't lose sight of that need.

Ms. McMurrer said they need Social Workers, Counselors and Special Education teachers, but they need to look at wants verses needs. She asked about the cost of the South Norwalk incubator school and asked about the enrollment. She asked about the cost for the Welcome Center. Ms. McMurrer said these are wants and not needs and added that Norwalk cannot pay for everybody's wants.

Ms. McMurrer asked the Norwalk Board of Education if they had a contingency plan in the event they do not get the full amount requested. She said they need teacher to successfully run the schools.

Mr. Asmani said that at this point in the process, it is challenging that the 0% funding had an impact. He added that when they do 0% funding, it will catch up. He said that an increase of 8% is the normal trend where the budget would be, but additional positions were added.

Ms. Revolus said they need to remember that with the children come families who have to live and pay for these costs. She said it is great to speak about what they need to do for the children, but these families will have to pay for this. She asked the Board of Education to think about the family. She said she agreed there are a lot of great wants, but they will become perpetual costs and will be detrimental to the residents. Ms. Revolus asked if there was a way to come to terms as to what they can do that is fair to the children and the families.

Dr. Estrella said they went through an extensive process to be sure what they were asking for was what was needed for the students. They started at 18% and brought it below 12%. When they looked at the needs of the District, they looked at the community at large. Dr. Estrella said there are services that need to be provided for social/emotional interventions.

Dr. Estrella said the South Norwalk school is a need. She said the pandemic created an array of needs including the need to provide intervention services. She added that they have been paying close attention to the budget to be sure they maximize their resources.

Ms. Ayers noted the hard work done by Mr. Asmani, but said it was problematic when he said there was no increase to the budget. She asked him to correct his language. She said she is hearing about a need, but is not hearing about a contingency. Ms. Ayers suggested continuing this conversation with another joint meeting.

III. **WRAP UP AND NEXT STEPS**

Mr. Azima suggested having a focused discussion to understand the need for mental health support. Ms. Baekey asked all Councilmembers to read the minutes from their workshop with a presentation on mental health issues.

Ms. Niedzielski Eichner asked for a breakdown of the potential impact of an increase so they can understand the impact on the residents who are most struggling.

V. **ADJOURNMENT**

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

There was no further business, and the meeting was unanimously adjourned at 7:26 p.m.

Respectfully submitted,

Rosemarie Lombardi
Telesco Secretarial Services

CITY OF NORWALK
FINANCE/CLAIMS COMMITTEE
JANUARY 12, 2023
VIA TELECONFERENCE

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ATTENDANCE:	Gregory Burnett, Chair; John Kydes; Jenn McMurrer; Bryan Meek; Nora Niedzielski Eichner; Diana Revolus
STAFF:	Lisa Biagiarelli, Tax Collector; Henry Dachowitz, Chief Financial Officer; Thomas Ellis, Director of Management and Budgets; William Ford, Tax Accessor
OTHERS:	Alan Dutton, Oak Hills Park Authority

1. **CALL TO ORDER**

Mr. Burnett called the meeting to order at 7:28 p.m.

2. **ROLL CALL**

Mr. Burnett called the Roll as indicated above.

3. **PUBLIC PARTICIPATION**

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

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

October 13, 2022 – Regular Meeting

** **MS. NIEDZIELSKI EICHNER MOVED TO APPROVE THE MINUTES AS PRESENTED**
** **MOTION PASSED WITH ONE (1) ABSTENTION (MS. MCMURRER)**

November 9, 2022- Special Joint Finance and Claims and Board of Education Finance Committee Meeting

The following corrections were made to the minutes: Correct the spelling of Ms. Jenn McMurrer's name throughout.
Page 3: should be Mr. Asmani
Page 5: correct spelling to reduced.

** **MS. MCMURRER MOVED TO APPROVE THE MINUTES AS CORRECTED**
** **MOTION PASSED UNANIMOUSLY**

December 8, 2022 – Regular Meeting

The following correction was made to the minutes: Page 4, to should be too

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

5. **CLAIMS COMMITTEE**: January 2023

This item was for informational purposes only.

6. **NARRATIVE ON TAX COLLECTIONS DATED JANUARY 2023** – Receive Report and discuss.

8. **MONTHLY TAX COLLECTOR'S REPORTS DATED DECEMBER 2022**– Receive Report and discuss.

Ms. Biagiarelli highlighted her monthly report as follows:

As of the end of December, 2022, having concluded the first six months of the fiscal year, we had collected nearly $225 million against our $361 million adjusted levy, or 62.25%. We also collected 58.58% of our sewer use levy, more than $10 million, and 79.97% of the Industrial Pretreatment Program (IPP) fee billing on behalf of the WPCA. Compared with the prior fiscal year (December 2021)) we are slightly behind relative to taxes (-0.66%), sewer use (-2.11%); and the IPP fee (-3.35%). Please note that the current adjusted collectible tax levy does not yet reflect the addition of the 2021 grand list motor vehicle supplemental levy (normally due January 1).

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 December 2022, we show a net loss (negative collection) of -$1.471,985.51 in principal, primarily due to tax credits granted in recently adjudicated property tax appeal cases. The amount in credits given has exceeded the amount we have collected year to date; hence the negative amounts. The "spread," or difference, between what we are presently showing in the current fiscal year, versus what we showed in the immediately prior fiscal year for the same time period, now stands in excess of $3 million, the lion's share of which is $2.9 million in prior years' real estate taxes. Some variance between this year and the prior year was to be expected, since we held a tax sale in October 2021, and there was more robust payment activity involved with the tax sale.

We also continue to see erosion of the current tax levy, down more than $8 million since the beginning of this fiscal year ("change in levy" at the top of the page, near right). Application of tax credits will affect next fiscal year's levies as well, as we will carry forward some of these tax credits into the next fiscal year (July 2023 and January 2024 collections). As noted in last month's report we implemented an upgrade to the Munis property tax and assessment software system in early October 2022. This upgrade should be distinguished from a separate endeavor, namely our conversion to a new software system that is scheduled to occur in March and April 2023.

The Munis upgrade did not go well, and created issues that affected our second installment billing. In mid-December 2022, I made the decision to produce bills for the second installment without the supplemental motor vehicle billing. This allowed us to have the bulk of our currently due tax statements in the mail by the end of the calendar year. This was still markedly later than usual for us, but within the statutory deadline (prior to the January 1, 2023 due date).

The Administration issued a press release advising taxpayers that they still have until February 1, 2023 to pay these bills without interest penalty. Supplemental motor vehicle taxes have not yet been issued. Under normal circumstances these bills would have been due January 1, payable by February 1, the same as second installment bills, and would have been in the mail by December 12 as part of the regular statement billing. 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.

My division relies on the Assessor’s office for billing data, and for various reasons, including the software upgrade, that division was not able to provide it according to the usual timeline. It appears this billing involves approximately 15,000 vehicles. I am not yet able to determine the total dollar amount. Connecticut General Statute 12-142 provides an avenue for municipalities to seek an extended due date and grace period in situations when the mailing of tax bills has been delayed.

The extension needs to be approved by the body that sets the tax rates and the due dates - in Norwalk, the Board of Estimate and Taxation. In the interest of thoroughness, I will present this proposal to the Finance & Claims Committee of the Common Council for their approval as well.

I am requesting an extended due date, and an extended grace period, for 2021 grand list motor vehicle supplemental tax bills as follows: proposed due date of March 1, 2023, with a grace period to extend until April 1, 2023. This is basically a two month extension and assumes we will be able to successfully issue these bills by the end of February 2023. If approved, the bills will be printed and mailed separately, prior to March 1, 2023, with an explanation, and taxpayers will have until April 1, 2023 to pay them. This (anticipated) extension affects only the 2021 grand list supplemental motor vehicle bills. Second installment payments will still be payable by February 1, 2023, and subject to interest on February 2, 2023. I will coordinate with the Administration to disseminate this information to the public via the press, our website, social media, and so on.

Other than not having a motor vehicle supplemental billing, and the fact that our other bills went out later than usual, the collection has been going well. Clearly, the current collection rate was not significantly impacted by either event. As always, taxpayers may pay online, over the phone, by mail, in person at City Hall, or in person at a network of ten Norwalk bank branches. We continue to work toward our new assessment and collection software conversion in March 2023 (again, not to be confused with the recent upgrade to the existing software). We will hope to get delinquent notices in the mail in early to mid-February 2023, and file lien continuing certificates by the first week of March 2023, in advance of the software conversion later that month.

My division has been having weekly online meetings with the new vendor to work on data conversion and programming in this new system. Our division remains short staffed due to two vacancies out of our eight person staff. We plan to fill those vacancies but have not been able to move forward as quickly as we had hoped due to these other issues. Last month, the third-party collection agency the Common Council approved earlier this year sent past due motor vehicle tax bills on our behalf to approximately 7,800 suspended accounts for which the city had no valid address. In some cases, individuals were contacted about bills going back as far as 15 years, the amount of time property tax bills are collectible in Connecticut. We have already collected more than $200,000 in back taxes on several hundred of these accounts since that mailing went out. Additionally, the assessor's office is working with taxpayers to remove improper billings from the tax rolls when taxpayers are able to prove the vehicles should not have been taxed by Norwalk.

The Assessor's office is responsible for reviewing this type of information. If a taxpayer is able to prove that the billing is incorrect, and if the information is submitted within the time allowed by state law, the Assessor may remove the bill. This responsibility rests with the office of the Assessor, not the tax collector or the collection agency, and the assessors are required to follow parameters set by state law.

The staff in my division has worked closely with staff in the assessor's division to assist taxpayers who have been affected by this billing, as it is not our intent to bill taxpayers who should not have been taxed, provided they are able to substantiate their claims. Aside from the collection agency initiative, our delinquent enforcement activities have been on hold in recent weeks, as staff have been occupied with these other concerns. I am prepared to respond to questions and will continue to keep all stakeholders informed of our progress.

7. **PROPOSAL FOR EXTENDED DUE DATE AND EXTENDED PAYMENT PERIOD FOR THE 2021 GRAND LIST MOTOR VEHICLE SUPPLEMENTAL TAX BILLING, IN ACCORDANCE WITH CGS 12-142 WITH A DUE DATE OF MARCH 1, 2023 AND A PAY BY DATE OF APRIL 1, 2023**.

Ms. Biagiarelli requested a delayed due date for the motor vehicle supplemental tax billing. She reported that she went before the Board of Estimate and Taxation on Monday and they offered their approval. She said this would be for about 15,000 and the levy would be around $4 million.

Ms. Biagiarelli explained that if this request is granted, they will issue bills as soon as they can. Taxpayers will be able to pay by April 1st, without any penalties. The bills are for newly registered vehicles.

** **MS. MCMURRER MOVED TO APPROVE THE REQUEST FOR AN EXTENDED DUE DATE AND EXTENDED PAYMENT PERIOD FOR THE 2021 GRAND LIST MOTOR VEHICLE SUPPLEMENTAL TAX BILLING, IN ACCORDANCE WITH CGS 12-142 WITH A DUE DATE OF MARCH 1, 2023 AND A PAY BY DATE OF APRIL 1, 2023.**

** **MOTION PASSED UNANIMOUSLY**

This item will move to the full Common Council meeting on January 24, 2023.

9. **RECEIVED OAK HILLS AUTHORITY MONTHLY FINANCIAL STATEMENTS FOR NOVEMBER 2022 AND OAK HILLS AUDITED FINANCIAL REPORT 06-30-2022**.

Mr. Dutton highlighted the Oak Hills Park Authority financials and discussed the restaurant operations. He said negotiations are on-going and he strongly recommends hiring a general manager.

Mr. Burnett encouraged all Committee members to review the audit.

10. **REPORT OF THE TAX ASSESSOR'S OFFICE**.

Mr. Ford said he had two reports. One was the press release for the upcoming revaluation. The Police Department and the Customer Service Department has been advised that individuals will be in the field. They are looking at having inspections take place throughout the summer and will develop the values in the fall. He said those individuals will carry identification. If an individual is not home when the inspector comes to their home, they will receive a letter asking the individual to schedule an appointment with the inspector.

Mr. Ford noted that the inspectors will have a Vision Government badge as well as a letter of introduction showing they are working for the City. In addition, people can call Customer Service or the Tax Accessor's office.

Mr. Ford presented updated income figures for the elderly homeowner exemptions. He said the tax relief credits are either $900 or $1,500. Residents will be mailed renewal applications at the end of March.

Ms. Niedzielski Eichner asked if $900 and $1,500 is the most the City can offer under State law. Mr. Ford said that was correct. They could increase the income level and noted that the Common Council increased those factors a few years ago.

Mr. Meek said he was a big fan of this program and can't think of a better use for the Rainy Day Funds. Mr. Ford said all of the information will be prominently displayed on the website.

Mr. Meek asked what recourse the City has if an individual acquires a property, but they are not qualified to receive the tax relief credit. Mr. Ford said that in Connecticut, they have the right to correct this for a period of up to three years. Mr. Ford said his office is up to date on the Deed transfers.

Mr. Ford said the program is very well known and the Senior Center does a good job of notifying people about the program.

Ms. Niedzielski Eichner asked if there was anything else they could do to increase the relief provided to people. Mr. Ford said the authority and the authority to tax is a State law.

Mr. Dachowitz clarified business and personal taxes. Mr. Meek discussed an error of $6 million and said the City does not have a line item for personal taxes in the budget. He said that when there is a credit, the City has to increase the amount it has to collect in taxes. After all the plusses and minuses, Mr. Meek asked how much has to be raised. Mr. Dachowitz described tax rate is determined and how they created the reduction.

Mr. Ford said the real estate side went up during covid. Mr. Dachowitz said there was a shortage of vehicles last year and as a result, the value went up. That is why this last year, people were surprised when their motor vehicle bills went up instead of down.

Ms. Niedzielski said she saw an original levy of $6 million and then there was a subsequent change to that levy. Mr. Ford explained that during the year, there are reductions and increases in real estate. He said there was a negotiated settlement for $49 - $50 million for personal property. Ms. Niedzielski Eichner noted that the majority is due to a single settlement to fix an incorrect assessment.

Ms. Biagiarelli said that in her narrative, she tried to explain the numbers that are on the spread sheet. The collection rate is based on the corrected levy. The CFO uses the original levy, but as the year goes on, changes go up and down all the time.

Mr. Ford said he expects the same number of petitions to the assessments but does not envision as many payouts.

Ms. Niedzielski Eichner asked if there would be an opportunity to discuss the audit. Mr. Burnett explained that usually an Audit Committee reviews it. He added that the Audit Committee meeting is a public meeting and the Auditors are present to answer any questions. This meeting is typically scheduled to take place in the spring.

Mr. Burnett described the timetable for the upcoming budget.

11. **ADJOURNMENT.**

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

There was no further business and the meeting was unanimously adjourned at 8:41 p.m.

Respectfully submitted,

Rosemarie Lombardi
Telesco Secretarial Services