

**CITY OF NORWALK
FINANCE/CLAIMS COMMITTEE
REGULAR MEETING
JULY 14, 2016**

ATTENDANCE: Bruce Kimmel, Chair; John Kydes, Shannon O'Toole-Giandurco, Travis Simms

ABSENT: Douglas Hempstead, John Igneri and Nick Sachinelli.

STAFF: Robert Barron, Finance Director; Fred Gilden, Comptroller

OTHERS: Lisa Biagiarelli, Tax Collector; Karen DelVecchio, IT Director

CALL TO ORDER.

Mr. Kimmel called the meeting to order at 7:05 p.m. A quorum was present.

PUBLIC PARTICIPATION.

No one came forward to address the Committee at this time.

**APPROVE THE MINUTES OF THE FOLLOWING FINANCE
COMMITTEE MEETING:**

June 9, 2016

**** MS. O'TOOLE-GIANDURCO MOVED THE MINUTES FOR THE JUNE 9, 2016 MEETING.**

**** THE MOTION PASSED UNANIMOUSLY.**

CLAIMS COMMITTEE

Claims Committee: receive the monthly Claims Report, review and approve claims as required for the Claims Report dated: July 14, 2016

Ms. Biagiarelli came forward and greeted the Committee. Mr. Kimmel asked if an immediate neighbor would require him to recuse himself. Ms. Biagiarelli said that it should not matter.

Ms. Biagiarelli then reviewed the details of the overpayment with the Committee members.

**** MR. KIMMEL MOVED TO AUTHORIZE THE OVERPAYMENT SPECIAL REQUEST.**

**** THE MOTION PASSED UNANIMOUSLY.**

Narrative on Tax Collections dated July 14, 2016. Receive Report and discuss.

Monthly Tax Collector's Report - Receive Reports and discuss: June 30, 2016.

Ms. Biagiarelli said that there had been a problem with some motor vehicle registrations that had the wrong address. She distributed a copy of an article about the billing. The address has to be corrected by the Department of Motor Vehicle. She said that the Tax Collector Department expects to be dealing with this issue for 18 months.

Both Ms. Biagiarelli and Mr. Barron reviewed the two step process for correcting the problem. Both of them stressed that the problem is from the Department of Motor Vehicles, but both the DMV and the Tax Assessor.

Ms. Biagiarelli said the Tax Sale will be next week and there were 24 properties in the sale. Ms. O'Toole-Giandurco asked about the requirements for buyers. Ms. Biagiarelli reviewed the requirements and said that only earnest money will be accepted. She also pointed out that this was the third time that the boat slips would be offered and so they will be offered for a lower amount.

Ms. Biagiarelli said that sometimes the parcel sells for a higher price. The City takes the back taxes and then the difference is held in escrow in the case the original owner redeems it at the total amount along with the 18% interest for the parcel. There is also a process where any lien holder must be notified and the court must decide who gets the overbid. Discussion followed.

Mr. Barron then gave a brief overview of what happens when there are vacant parcels that are not buildable land.

Ms. O'Toole-Giandurco reported that a personal friend had recently purchased a new car and when she went to the Tax Collector's Office, the staff was helpful and capable. Ms. Biagiarelli thanked her for that compliment.

Authorize the Mayor, Harry W. Rilling, to execute any and all documents necessary to execute Tax Agreement for Property Taxes between the City of Norwalk, the Housing Authority of the City of Norwalk and Trinity Washington Village Phase One Limited Partnership.

Mr. Barron then distributed copies of a spreadsheet titled "Operating Pro Forma - Washington Village Phase One". He explained that this project would dramatically change Washington Village by not only constructing mixed income residences but also

by raising the units to prevent flooding. There are two vacant parcels that will have the building constructed first and residents will be moved into those buildings. Other residents will be relocated while the other buildings are constructed and then returned to new units.

Mr. Barron reviewed the details about the tax percentages and the figures on the spreadsheets, along with the tax appraisals in the information packets.

Mr. Simms said that there was a significant amount of development happening in South Norwalk and he wanted to make sure that the taxpayers would not take the hit on this. Mr. Barron explained that when there was a development in an area, the property values of the surrounding parcels also increase. He said that it was a legitimate concern.

Mr. Simms asked why the term "blighted" was being used. Mr. Barron replied that there were two vacant properties involved in the project and added that he had been told that the units were the oldest public housing units in the Northeast, if not the entire country. He said that it would change the value of the land, but other than that, he did not see other impacts. Mr. Simms said that he was concerned that the residents would end up with a situation like they did in Bridgeport where the tax bills went through the roof. He added that this could force older residents on fixed incomes out of the project, and possibly the City, and pointed out that this could be the start of gentification.

Mr. Barron explained that this was a tax agreement which will fix the taxes at a certain level. He said that one of the reasons this would be a good deal for the City was because currently the City was not receiving any taxes from the project at all.

Phase 1 will encompass 80 units and there will be projected tax revenue of \$80,000. Mr. Barron then explained the EGI (Effective Gross Income) calculations, which involves not only the rentals but also the subsidies that they will be receiving for the program. He said that the first year, there will be only 80 units completed for the first year, and because of that, the taxes will slowly increase over the years to the full compliment of 253 units.

Mr. Simms asked what would happen to the rent for a low income family or a family currently occupying a public housing unit. Mr. Barron reviewed the numbers. Mr. Simms was then told by one of the developers that the residents on fixed incomes will not have any rent increases even if the taxes increased.

The developer will be receiving State and Federal funding, but they still need private investors. By fixing the rate of the taxes, the developer knows what they will be and can plan accordingly. Discussion followed about who would be making the decision about the taxes on the market rate units.

Currently there are 136 units in the project. The number of units were calculated back when the Choice Neighborhood initiative was underway.

Mr. Barron said that the rating agencies had taken a bus tour of the area and said that the residents would receive a major improvement.

Mr. Kimmel asked if the proposal would be ready to present to the Council by the second week in August. Mr. Barron said that he had been asked to present a full CHFA appraisal, which has been received and submitted to the appropriate individual. He added that he would be out of town during the first week in August.

Mr. Barron then gave an overview of his concerns and the information that Trinity had provided to him, such as a need for a 99 year lease, keeping the EGI as projected, and the interest rates. He said that he felt that the City had negotiated a good deal. Mr. Barron said that Mr. Gilden or Mr. Stewart could represent him.

Mr. Kimmel said that he would like to have a 45 minute Question and Answer session before the August Council meeting. Mr. Kimmel said that he would like a Special Finance Council Meeting before the Council Meeting on August 9th from 6:30 p.m. To 7:30 p.m.

Mr. Kimmel asked what Redevelopment's role in this project was now. Mr. Barron said that their active participation with the project is basically completed. One of the developers pointed out that the Redevelopment Agency had stated in an email that the construction would commence in early 2017, but the developer would like to start in October 2016. He added that there had been a two year delay due to a lawsuit and an appeal and the project needs to be moved forward. Mr. Barron said that his office had just received a letter stating that the lawsuit appeal period had expired. Discussion followed.

Mr. Barron then reviewed the reasons for the reduced 7.25% rate for the first three years rather than 8.25%. The developer representative then explained that during the first phase, the developer will be hiring staff, security and various other things during the first phase, but they are only going to be constructing 80 units. When the second phase starts, there will be a new agreement.

Mr. Barron said that the paragraph that addresses the statement where the development was assessment less than the projected taxes. Mr. Barron said that he wanted a guarantee tax of \$1,000 because some of the units would be generating \$400 a month. The developer pointed out that the developer was getting some subsidies from HUD and the HUD subsidies can go up or down. 75% of the subsidies are determined by HUD, so having a floor on the tax amount would be counter productive.

Mr. Barron expressed concern about the 99 year lease. The developer explained that the City does not own the property. The properties are under the control of the Housing

Authority. It was also pointed out that in Connecticut once a contaminated site transfers, the clock starts ticking on the remediation.

Mr. Kydes had some questions on the details of the EGI. Mr. Barron reviewed the details and said that the City gets a percentage of the gross income, rather than net income.

Mr. Kydes asked if it would be difficult to rent the units. the representative said that they had done similar projects in Boston and New Haven. The different income units are interspersed through out the project.

Mr. Simms asked how the flooding issues would be addressed. Tom said that all the buildings and the streets would be elevated for a 500 year flood, which is what the Federal government requires. The dry egress issue has been addressed also. Public Works is currently reviewing the infrastructure

**** MR. KIMMEL MOVED TO AUTHORIZE THE MAYOR, HARRY W. RILLING, TO EXECUTE ANY AND ALL DOCUMENTS NECESSARY TO EXECUTE TAX AGREEMENT FOR PROPERTY TAXES BETWEEN THE CITY OF NORWALK, THE HOUSING AUTHORITY OF THE CITY OF NORWALK AND TRINITY WASHINGTON VILLAGE PHASE ONE LIMITED PARTNERSHIP SUBJECT TO REVISIONS.**

**** THE MOTION PASSED UNANIMOUSLY.**

Authorize the Purchasing Agent to issue purchase orders in accordance with City Procurement Guidelines for the support of personal computers workstations, laptops, ruggedized data terminal, tablets, printers, and obsolete asset disposal according to City IT department specifications for an amount not to exceed \$151,813.60, account 09170600-5777-C0375 (budgeted IT capital item; no special appropriation required)

Ms. DelVecchio came forward and gave an overview. She said that for the last 12 years, the IT has been refreshing the computers to replace the oldest and less reliable computers, including the libraries, but not the Board of Education. 121 units are slated to be replaced including units that are in the police cruisers. Monitors in the Emergency Dispatch Center will be replaced, also.

**** MR. KIMMEL MOVED THE ITEM.**

**** THE MOTION PASSED UNANIMOUSLY.**

Authorized the Purchasing Agent to issue purchase order to ePlus Technology (State of CT contract 12PSX0431) for the procurement of Cisco LAN switches for City Hall & Health Department for an amount not to excess \$50,000. Account 09170600-5777-C0375 (budgeted IT capital item; no special appropriation required)

Ms. DeVecchio explained that the switches each support 48 different devices. The oldest batch of switches were located the Police Department and they were replaced last year. This year, the switches in City Hall and the Health Department will be replaced.

**** MR. KIMMEL MOVED THE ITEM.
** THE MOTION PASSED UNANIMOUSLY.**

Discussion of Police Extra Work receivable.

Mr. Gilden came forward and gave an overview of the Police Extra Work receivable account. He said that comprehensive information had been given to the Council Members. A serious demand letter was sent out to those companies who were in arrears over 90 days. Since then, the City has been received \$400,000 in revenue. Prior to the demand letter, the City would simply continue to bill the contractor.

Mr. Barron pointed out that a contractor or service provider like Eversource could easily have hundreds of jobs going on in the State. Matching up the invoices with the jobs is time consuming but he felt that most of the outstanding balances were simply due to slow payment.

Mr. Barron then pointed out that AMEC was in arrears and this has been turned over to the Legal Department to handle.

Mr. Kydes said that in Stamford, the City requires pre-payment. Mr. Gilden replied that it would be difficult to expect Eversource to prepay. Mr. Barron said that once the utility company puts a unit in the ground, the City receives property taxes on it. Discussion followed about the difficulty of collecting long standing bills when there has been a change of ownership.

Mr. Kimmel asked whether there was interest charged. Mr. Gilden said that the Council would have to approve interest charges. Mr. Barron pointed out that there can be difficulties with charging interest and added he did not know of any municipality that would charge interest.

Mr. Kimmel said that he would relay the information to the ordinance Committee. Mr. Barron said that there were a large number of receivables because the City has just finished the spring and summer and most of the charges were recent.

Mr. Simms asked about AMEC Carting building. Mr. Gilden said that the bill had been given to Legal and they would not be awarding any contracts to them.

Receive Oak Hills Authority Monthly Financial Statement for May 31, 2016.

Mr. Barron said that their revenues were higher, but also the expenses had increased by \$90,000. He said that he had contacted them about this and expected to have some new information by next month.

Receive Board of Estimate and Taxation Appropriation dated July 5, 2016.

Mr. Barron said that this was a special appropriation and the City received two checks.

Mr. Gilden said that the Bond had closed earlier in the day.

Mr. Gilden said that there was an upcoming potential bond refunding. Mr. Barron reviewed the details with the Committee members. The potential bond refunding is scheduled for August 4th. He explained that this was the reason why the triple AAA rating is needed. On this issue alone, the City saved \$144,000 because of the difference between a triple A rating and a double A rating.

ADJOURNMENT

**** MR. SIMMS MOVED TO ADJOURN.**

**** THE MOTION PASSED UNANIMOUSLY.**

The meeting adjourned at 9:08 p.m.

Respectfully submitted

S. L. Soltes
Telesco Secretarial Services