

**CITY OF NORWALK
FINANCE AND CLAIMS COMMITTEE
REGULAR MEETING
APRIL 9, 2020**

ATTENDANCE: Greg Burnett, Chair; Nick Sacchinelli; Tom Keegan; David Heuvalman; John Kydes; George Theodoridis; Ernie Dumas; Kadeem Roberts; Barbara Smith; Tom Livingston; Diana Johnson

STAFF: Harry Rilling, Mayor; Henry Dachowitz, Chief Financial Officer; Lisa Biagiarelli, Tax Collector; Mario Coppola, Corporation Counsel; Chitsamay Lam, Comptroller; Jessica Casey, Chief of Community and Economic Development; Carl Dickens, Chair, Oak Hills Park Authority; Mark Gartner, Comptroller, Oak Hills Park Authority

I. CALL TO ORDER

Mr. Burnett called the meeting to order at 7:00 PM. A quorum was present.

II. ROLL CALL

III. PUBLIC PARTICIPATION

Since this was a virtual meeting, written comments were to be submitted to the committee earlier in the day. However, there was no public comment at this time.

IV. APPROVAL OF MINUTES

Mr. Burnett amended the March 12, 2020 meeting minutes on page 3 in the third sentence of the “Monthly Tax Collector’s Reports” section. The sentence should read: “The Tax Collector’s Office intends to be open from 10 a.m. to 3 p.m. on Tuesday, Wednesdays and Thursdays.”

****MR. KYDES MOVED TO APPROVE THE MARCH 12, 2020 MINUTES AS AMENDED**

****MR. SACCHINELLI SECONDED**

****MOTION PASSES UNANIMOUSLY.**

**V. CLAIMS COMMITTEE: RECEIVE THE MONTHLY CLAIMS REPORT;
REVIEW AND APPROVE CLAIMS AS REQUIRED FOR CLAIMS REPORT ON
APRIL 9, 2020**

VI. NARRATIVE ON TAX COLLECTIONS DATED APRIL 9, 2020

VII. MONTHLY TAX COLLECTOR'S REPORTS DATED MARCH 2020

Ms. Biagiarelli said that the claims this month were not in excess as of the end of March. She said the Tax Collector's office was still on track to meet collection goals with a 98% rate of collection with 3 months to go in the cycle. She reported an even more successful rate of collection with regards to sewer tax.

Ms. Biagiarelli said the tax sale was on hold and postponed until at least 30 days after the Governor opens the City for regular business. She said that, out of approximately \$3 million to be collected on property taxes from November 2019 to today, they have been able to collect about \$2 million towards that total. She said that the Tax Collector's office will continue working on this, and the sale postponement will be communicated to the participants.

Ms. Biagiarelli said the Tax Collector's office is still at work in City Hall on Tuesdays, Wednesdays, and Thursdays. Taxes can be collected online and by phone. She suggested that, if the shutdown continues beyond the next two weeks, they create a walk-up/drive-up window at City Hall to accommodate the population who are only comfortable submitting their taxes in person.

Ms. Biagiarelli said that the office is relying on the City website to communicate with citizens. She said they are doing their best to get the money in for the committee.

**VIII. DISCUSSION OF STATE OF CONNECTICUT EXECUTIVE ORDER 7S
CONCERNING POSSIBLE EXTENDED GRACE PERIOD AND/OR OTHER TAX
RELIEF IN RESPONSE TO COVID-19**

Ms. Biagiarelli said that taxation is a state function and municipalities are allowed to adjust their tax rates by the State. She said that people are looking for tax relief and there was a rush at the state level on April 1. She said that the language was not optimal and it caused confusion throughout the state. Guidance was offered and those materials were made available to the committee in tonight's agenda packet. The recommendation for Norwalk is contained within this document. The City was offered a choice between 1 of 2 plans, or both.

The Tax Collector's office is recommending the first plan, which includes an extension of the tax deadline for a total of a 90-day extension, or a due date of October 1. She said that some towns are not able to do this, and the tax relief application process was designed in a way that is very complicated and unfair to taxpayers. This recommendation was discussed with the Mayor and his office and all agree that this is the best solution for the City. Ms. Biagiarelli said that the collections are sound enough that they are able to forego further collections until that date.

Mr. Dachowitz said that this process would be administratively burdensome and they felt that they can allow and accommodate our citizens to pay on a deferred basis. Ms. Biagiarelli agreed with this grace period for all. She said that, however, if citizens are late with their tax payment on October 1, on October 2 interest reverts back to the original due date of July 1.

Ms. Biagiarelli noted that, if real estate taxes are paid by an escrow agents, those entities are not covered by Executive Order 7S. Mr. Theodoridis asked to confirm how much revenue is paid by escrow agents. Ms. Biagiarelli said roughly half.

Mr. Dachowitz said that his office did a quick calculation regarding \$200,000 of interest collected in July and August of last year. He said that half of that was paid by banks. He calculated the deferral program would collect \$50,000. Mr. Coppola said that the deferral program is really just 60 days, plus a 30-day grace period.

Ms. Biagiarelli said that this grace period would be revoked if complaints are received about landlords who do not extend the same to their tenants.

Ms. Biagiarelli said that they are on track and issuing tax bills on time. The Tax Assessor's office is currently accepting tax relief applications from elderly and disabled people. The Executive Order also allows the Tax Assessor's office to carry forward the elderly and disable applicants from last year to this year.

Mr. Burnett reminded the assembly that this recommendation is up for Common Council vote on April 14. Mr. Coppola said that the form is to be filed by April 25. The specific language is available in tonight's agenda packet.

Mr. Burnett, with the assistance of Mr. Coppola, Ms. Biagiarelli, and Mr. Keegan, said that they should use the following language:

“The Finance and Claims Committee recommends that the City of Norwalk adopt the plan referred to as a deferral or extended grace period. This plan will simply extend the amount of time all taxpayers in the City of Norwalk will have to pay their July 1, 2020 tax installment and allow until Thursday, October 1, 2020 to pay without interest as described in Executive Order 7S. This recommendation modifies the general deferment and, instead of requiring applications, offers a grace period to all taxpayers, rather than to qualified applicants only.

Mr. Coppola will draft a more detailed resolution that involves specific language that expands the grace period to all taxpayers in advance of the Common Council meeting. Mr. Burnett said they will get that language to all the members of the Council. He requested that they vote on the matter with the final language that will appear on the Council floor.

****MR. SACCHINELLI MOVED TO APPROVE THE RECOMMENDATION FOR THE DEFERRAL OR EXTENDED GRACE PERIOD PURSUANT TO EXECUTIVE ORDER 7S WITH FINAL LANGUAGE TO BE CONFIRMED BY THE COMMON COUNCIL**

****MR. KEEGAN SECONDED**

****MOTION PASSES UNANIMOUSLY.**

IX. REVIEW AND APPROVAL OF REVISED OPERATING AND CAPITAL BUDGET DEADLINES

Discussion took place regarding the revised operating and capital budget deadline schedule.

Mr. Dachowitz said that, according to the Executive Order, all deadlines have been accommodated with a 30-day delay. He said that Angela Fogel prepared the chart and made sure they accommodated the Charter requirements. In February 2020, the Common Council established a CAP and the Board of Estimate held a hearing with each department to develop a list of open items, which have all been completed, except for the Board of Education. The BOE meeting was scheduled, but because of the coronavirus and work on distance learning, the meeting was postponed.

The FYE 2021 Proposed Operating Budget Dates are as follows:

- April 20, 2020 - BET Finance/BOE Meeting & Deliberation
- April 22, 2020 - BET OPBUD Public Hearing
- May 4, 2020 - BET Votes on Tentative Budget (Regular Meeting)
- May 5, 2020 - BET Forwards Tentative Budget to Common Council
- May 12, 2020 - Common Council sets Final Cap (Regular Meeting)
- May 15, 2020 - BET Makes Necessary Alterations to Accommodate Common Council Final CAP

- May 19, 2020 - BET Publishes Tentative Budget
- June 1, 2020 - BET Approves OPBUD and Tax Rates

The FYE 2021 Proposed Capital Budget Dates are as follows:

- April 14, 2020 - Mayor Forwards Recommended Budget
- April 22, 2020 - BET Sets Capital Budget CAP
- May 7, 2020 - Planning Committee Meets With Departments
- May 12, 2020 - Common Council Approves CAPBUD
- May 20, 2020 - CFO Transmit CAPBUD Financing Recommendation to Common Council and BET
- June 9, 2020 - Bonding Resolution Approved by Common Council

****MR. HEUVELMAN MOVED TO APPROVE THE REVISED OPERATING AND CAPITAL BUDGET DEADLINES**

****MR. SACCHINELLI SECONDED**

****MOTION PASSES UNANIMOUSLY.**

X. CFO FYE 2021 OPERATING BUDGET UPDATE

Mr. Dachowitz thanked Ms. Fogel for her help. He reminded the assembly that the Common Council established a CAP on February 25. The FYE 2021 Recommended Budget as of the February 25 Common Council CAP totaled \$385.6 million. They cannot exceed that CAP unless the Council agrees to increase it. Mr. Dachowitz highlighted an increase of 5% or \$9.9 million to the Board of Education budget.

Mr. Dachowitz said that they have to make sure they increase the mill rate when making tax adjustments (like to the elderly who qualify), because those are credits for the expenditures. They add that to the amount of money the mill rate must cover.

The Reserve amount is basic uncollectible accounts. He said they have an extraordinarily high collection rate of 98.6%. He said that they anticipate not collecting \$4.6 million dollars based on this rate, because they are looking at a \$4.75 million increased budget.

Mr. Dachowitz said they have to collect \$377.6 million to cover expenses, adjustments and the uncollected according to the Gross Tax Levy. Mr. Dachowitz explained that Non-Tax Revenue are deductions (most are intergovernmental) from the amount they must collect in their taxes, and the Fund Balance Transfer is for the Rainy Day Fund. The Mill Rate this year is 24.09.

Mr. Dachowitz said that the Net Grand List didn't change. He said it was a unique year because a Deputy resigned and a Tax Assessor retired. Due to that, they were extended a 30-day extension to prepare a grand list by February 29. They used last year's Net Grand List on the assumption it was not a reevaluation year.

Regarding the Impact of COVID-19 Recommended Budget Updates, on February 29, the new Assessor, William Ford, certified the Grand List and there was an increase of revenue of \$9.96 million. The Grand List went up and the majority of that was the SoNo Collection.

There was a misinterpretation of the Education Cost Sharing (ECS) Grant from Connecticut. There was a change to the formula and they assumed that change was to the benefit of the City. They found out from the schools' Chief Financial Officer, Tom Hamilton, that this money goes to the schools directly. They had to correct that error. At the same time, they got updated information from the WPCA about an expense reimbursement of approximately \$500,000 more than what they had on February 25. They increased the back taxes and supplemental auto taxes because they saw a trend historically, but they decided to revert back to last year's historical numbers due to COVID-19.

Mr. Dachowitz said they may have revenue shortfalls and unexpected expenditures due to COVID-19, and they have built in a cushion to next year's budget of \$4.9 million to cover that.

Mr. Livingston asked if the ECS money will go to the Board of Education or to the Board of Finance. Mr. Dachowitz said that the BOE gets money from the State for their own benefit. They look at in-kind expenditures. He said the ECS money belongs to the BOE, but it was in the wrong bucket.

Mr. Kydes asked if the buffer is for taxes, or if the City expects to be reimbursed eventually. Mr. Dachowitz said that they don't know about reimbursement, or the timing of reimbursement. He said they expect some expenditures reduced by the change in usage of City Hall, but they don't know how much will be saved. 95% of Norwalk's revenue is real estate tax, which he said holds up best in a crisis. Mr. Dachowitz said they will use the funds at the direction of the Mayor.

Mr. Heuvelman asked if the buffer accounts for emergency expenditures for school cleaning and the purchase of Chromebooks. Mr. Dachowitz said this will be a 2020 expenditure, so they may have a \$1 million shortfall this year. Last year there was a surplus. He said they can apply for Federal reimbursement, but they don't know which fiscal year in which it will be received. Mr. Dachowitz said he is not worried - they may collect less money this year, but this money protects them from the other revenue shortfalls.

Discussion took place regarding the Grand List.

Mr. Dachowitz said that the increase in tax revenue made the budget cushion possible. A significant part of the cushion is from the SoNo Collection.

Discussion took place regarding the Reduced Collection Rate Expectations.

Discussion took place regarding the Decreased Other Tax Revenue Expectations. Mr. Dachowitz reported no decrease from last year's budget.

Discussion took place regarding Decreased Non Tax Revenue Expectations. Mr. Dachowitz reported a net \$2 million loss.

Discussion took place regarding the FYE 2021 Recommended Budget Post COVID-19 Updates Subject to BET Approval. Changes to the budget include a \$109,000 increase from last year. Since February 25, they have put in a \$3.6 million buffer.

Mr. Dachowitz said that they looked at Stamford's mill rate increase. He said they have tried to use this fortunate circumstance to create this buffer. Discussion took place regarding the Median Single Family Tax Bills By District.

In conclusion, a one-time delay in finalizing the Grand List generated an additional \$10 million in the Operating Budget.

- \$2MM was used to offset a reduction in "Non-Tax Revenue
- \$5MM was used to protect the budget from COVID-related costs
- \$3MM was used to lower taxes lower Mill Rates

Norwalk is fortunate to have a large "Rainy Day" Fund. It is available and will be used to offset COVID-related reductions in revenues and increases in expenditures, as needed.

Ultimately, this Operating Budget provides:

- The departments with sufficient funds to provide their services,
- The City is protected from \$5MM of COVID related costs, and
- The Mill Rates are only going up by an average of 2.98%

The average Monthly Tax Bill will increase as follows:

First District.....\$13.50
Second District.....\$12.67
Third District\$16.25
Fourth District.....\$17.33
Fifth District.....\$25.58
Sixth District.....\$50.17

Mayor Rilling said they want to keep the tax levy as low as possible. He said that the Rainy Day Fund is for situations of uncertainty. He said that they are very fortunate to have that fund. He thanked the Council, as well as Mr. Dachowitz and Ms. Fogel for the clear presentation tonight.

XI. AUTHORIZE THE MAYOR, HARRY W. RILLING, TO EXECUTE A CONTRACT WITH HILLTOP SECURITIES INC. TO PROVIDE FINANCIAL ADVISORY CONSULTING SERVICES FOR THE PERIOD COMMENCING JULY 1, 2020 AND ENDING JUNE 30, 2024, WITH PRICING FOR SERVICES BASED UPON THE PROPOSAL SUBMITTED BY HILLTOP SECURITIES INC. TO THE CITY ON JANUARY 28, 2020. ACCOUNT #301340-5523.

Mr. Dachowitz said that this is one of 3 essential RFPs. This one is for financial advisor Bill Lindsey of IBIC, who has advised the City for 20 years. He said the combination of Mr. Lindsey’s local expertise with the nationally ranking Hilltop Securities firm is ideal and unbeatable.

****MR. KYDES MOVED TO APPROVE THE AUTHORIZATION FOR THE MAYOR, HARRY W. RILLING, TO EXECUTE A CONTRACT WITH HILLTOP SECURITIES INC. TO PROVIDE FINANCIAL ADVISORY CONSULTING SERVICES FOR THE PERIOD COMMENCING JULY 1, 2020 AND ENDING JUNE 30, 2024, WITH PRICING FOR SERVICES BASED UPON THE PROPOSAL SUBMITTED BY HILLTOP SECURITIES INC. TO THE CITY ON JANUARY 28, 2020. ACCOUNT #301340-5523.**

****MR. SACCHINELLI SECONDED**

****MOTION PASSES UNANIMOUSLY.**

XII. AUTHORIZE THE MAYOR, HARRY W. RILLING, TO EXECUTE A CONTRACT WITH BLUM, SHAPIRO & COMPANY, PC TO PERFORM THE CITY’S ANNUAL FINANCIAL STATEMENT AUDIT FOR THE FIVE-YEAR PERIOD FISCAL YEARS ENDING JUNE 30, 2020, 2021, 2022, 2023, AND 2024 FOR AN AMOUNT NOT TO EXCEED \$495,000. ACCOUNT #011310-5253.

Mr. Dachowitz said that the auditor contracts are due to be expired. He said they would like to have the auditors get a head start. BlumShapiro counts over 50 Connecticut towns and cities as their clients and Norwalk has experience with them. Mr. Burnett confirmed that there is no conflict of interest with this firm. Mr. Dachowitz said that the audit partner and the computer consulting partner were part of the presentation team and they ensure that all of their activities abide by the restrictions in the profession. If there is ever a potential conflict, they will mention it to them in advance.

****MR. HEUVELMAN MOVED TO APPROVE THE AUTHORIZATION FOR THE MAYOR, HARRY W. RILLING, TO EXECUTE A CONTRACT WITH BLUM, SHAPIRO & COMPANY, PC TO PERFORM THE CITY'S ANNUAL FINANCIAL STATEMENT AUDIT FOR THE FIVE-YEAR PERIOD FISCAL YEARS ENDING JUNE 30, 2020, 2021, 2022, 2023, AND 2024 FOR AN AMOUNT NOT TO EXCEED \$495,000. ACCOUNT #011310-5253.**

****MR. SACCHINELLI SECONDED**

****MOTION PASSES UNANIMOUSLY.**

Mr. Burnett thanked Sharon Connors in the Purchasing Department for putting together a smooth and seamless process in terms of interviews with the companies via Zoom.

Mayor Rilling thanked Ms. Lam and her team in the Financial Department, who are operating at a level of 10.

XIII. RECEIVE OAK HILLS AUTHORITY MONTHLY FINANCIAL STATEMENTS FOR DECEMBER 2019; JANUARY 2020 AND FEBRUARY 2020

XIV. RECEIVE OAK HILLS AUTHORITY INDEPENDENT AUDITORS' REPORT FOR THE YEAR ENDED JUNE 30, 2019.

Mr. Gartner said that the Oak Hills Authority held several emergency meetings and they are still operating at the Clubhouse with a skeleton crew with no revenue or cash inflows. They filed paperwork for the CARES Act, although they may not be eligible. On March 16, they agreed to shutdown in line with Mayor Rilling's request. Their bank account is close to empty. They have discussed reopening, although the timelines are constantly changing.

Mr. Kydes said that this is the first year the City would profit-share. He said that this must be revisited. Discussion took place.

Mr. Dachowitz asked if anyone had done an analysis of Oak hills split by fixed and variable.
Mr. Gartner said that the use of seasonal workers influences the numbers.
Mr. Burnett said that the fixed cost analysis was done by the City in 2018.

Mr. Dickens addressed the assembly and thanked the Mayor for his help with past decisions. He said they are trying to get this PPP money. Opening day was scheduled for April 1. He said they should see revenue come in from the golfers a month into their season, whenever that is.

XV. ADJOURNMENT

****MR. KYDES MOVED TO ADJOURN THE MEETING AT 9:03 PM**

****MR. SACCHINELLI SECONDED**

****MOTION PASSES UNANIMOUSLY.**

Respectfully submitted,

Elizabeth Anaya Sheils
Telesco Secretarial Service