

FINANCE/CLAIMS COMMITTEE MEETING
THURSDAY, AUGUST 13, 2020, 7:00PM
BY ZOOM VIRTUAL TELECONFERENCE

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ATTENDANCE: Gregory Burnett, Chair; David Heuvelman; John Kydes; Nicholas Sacchinelli; Thomas Keegan; George Theodoridis

STAFF: Henry Dachowitz, Chief Financial Officer; Lisa Biagiarelli, Tax Collector

1. CALL TO ORDER

Mr. Burnett called the meeting to order at 7:02PM.

2. ROLL CALL

Mr. Burnett called the roll as indicated above.

3. PUBLIC PARTICIPATION

There was no public participation this evening.

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

JULY 9, 2020- REGULAR MEETING

On page 2, add item 9

**** MR. KEEGAN MOVED TO APPROVE THE MINUTES AS AMENDED.**

**** THE MOTION PASSED WITH FOUR (4) IN FAVOR AND ONE (1) ABSTENTION- MR. THEODORIDIS**

5. CLAIMS COMMITTEE: RECEIVE THE MONTHLY CLAIMS REPORT: REVIEW AND APPROVE CLAIMS AS REQUIRED FOR CLAIMS REPORT DATED:

AUGUST 13, 2020

Ms. Biagiarelli said that there is one special claims request this evening due to the fact that it is in excess of \$10,000 from a real estate overpayment from the grand list of 2016. She said they are now collecting on the grand list of 2019 but this taxpayer overpaid and we need to refund the overpayment in the amount of \$11, 449.11. She said all of the other credits are the normal credits due to motor vehicle credits and things of that nature that they are processing refunds for at this time of year.

****MR. HEUVELMAN MOVED TO APPROVE THE CLAIMS COMMITTEE REPORT**

**** THE MOTION PASSED UNANIMOUSLY.**

Mr. Kydes and Mr. Dachowitz joined the meeting at 7:06PM.

6. NARRATIVE ON TAX COLLECTIONS DATED AUGUST 13, 2020- RECEIVE REPORT AND DISCUSS.

Ms. Biagiarelli said last month they were concerned because at the end of June had not yet reached their budgeted collection goal which is unusual, but she and Mr. Dachowitz were optimistic that they would be able to achieve the goal of 98.6% and she is happy to report they did, and the July figures exceed their conservatively budgeted collection rate of 98.6% for last year's collection. She said they will also keep track of what they collect during August and the collection rate will only go up.

Ms. Biagiarelli said with regard to the new fiscal year they did not know what to expect because the Common Council had voted to extend the grace period to October 1, 2020 for the current installment, but the good news is that a lot of people have paid, and as of the end of July they have brought in 36.7% which was down 7.5% from last July, but a lot of payments were received the first week of August that are not even reflected in these numbers. She said a lot of people did not take advantage of the extension particularly with regard to real estate, but motor vehicle is another story. She said even prior to Covid-19 the State of Connecticut has extended the registration cycle for motor vehicle registrations from two to

three years. She said they knew at that time that was going to impact tax collections at the municipal level because there are a lot of our customers who do not pay their motor vehicle taxes until they need to register a car, so the motor vehicle tax collection is not good but it is too early to tell how bad it is going to be.

Ms. Biagiarelli said the tax sale 78 people have paid their real estate taxes in full and have collected \$ 2.9 million dollars from the sale that they began working on in November, and if not for the sale would have had a tough year. She said when the state of emergency is lifted they will start working on the sale again depending on when the administration thinks it is an appropriate, and the sale will probably be held a year later that she had planned and probably will not be held before July, 2021.

7. MONTHLY TAX COLLECTOR'S REPORTS DATED JULY 2020- RECEIVE REPORT AND DISCUSS

Ms. Biagiarelli said the tax collection has been going smoothly and she has been allowed to bring the full complement of her staff back so all seven staff members are back and are up to date with their work. She said they are working physically distant from each other and are wearing masks, sanitizing and taking all the precautions.

Mr. Burnett thanked Ms. Biagiarelli and her team for all they have done through the pandemic and continuing to do.

Mr. Burnett asked if there are any steps that can be taken to minimize the impact regarding the motor vehicle taxes. Ms. Biagiarelli said "yes" that the cars can be booted and would be done similar to the tax sale and they would look at high dollar amount accounts, and the accounts that go back the furthest amount of time. She said the other thing that can be done is if they know where an individual has a bank account they can garnish their bank account and can also garnish their wages without a court order because they have a warrant from the state.

Mr. Sacchinelli said going back a few years ago that the DMV's information was not accurate and asked if we were going to take such a recourse such as garnishing wages are we comfortable with the DMV's data quality at this stage. Ms. Biagiarelli said the issue that Mr. Sacchinelli is referring to was a DMV issue and was not specific to Norwalk, and was an issue when the DMV did a transition in their computer system and something went wrong and individuals were being taxed in municipalities where they should not have been taxed, but the best of her understanding that has been worked out. She said the kind of thing that we would be booting are the people that have every understanding that they owe their car taxes and just aren't paying them and she is not able to force them to pay until they register a vehicle. She said it would be done on a case by case basis and depending on how far they owed back and how much they owed.

Mr. Heuvelman thanked Ms. Biagiarelli and her staff for all they are doing and asked if the 98.63% in taxes that have been collected includes the tax sale money. Ms. Biagiarelli said "yes" that is correct. Mr. Heuvelman asked if when they go back to business as usual if we pick up where we left off or will there be a new tax sale at that point. Ms. Biagiarelli said at that point it would be a new sale because it has been so long, and they would look at the current collection as well that are high dollar amount accounts which would be included in the sale as well, but in most of those cases the property has a mortgage and their mortgage lender will be notified by us that the sale is happening and the tax payer will be in default of their mortgage by not paying the taxes and now the mortgage company is at risk because the tax lien supersedes their mortgage lien so they will step in and pay the taxes and the property will be removed from the sale.

Mr. Dachowitz pointed out that Ms. Biagiarelli has informed him that this is common practice and once the tax sale notices were sent out people come in and pay. He also said when we calculate our budget we know we have back taxes that we will collect each year, and when it is a tax sale year we expect more so the 98.6% is on that larger amount and that is based on what we think we can do and did conservative budgeting so it does not surprise him that we are just over 98.6%, but he also expects more money coming in August. He said one of the things they that had done due to Covid-19 was drop the collection rate to 97.6% and he thinks we may end up with the 98.6% which will give a \$3.5 million dollar buffer for revenue shortfalls or for other expenses. He said there was also the one time unexpected payment from the SONO Collection because they had a seven year abatement period where they only pay 50% but because they did not receive their certificate of occupancy we ended up receiving the full tax rate this coming year and used a lot of those funds to buffer next year's budget.

Mr. Burnett asked if we are taking a second look at the capital expenses in terms of what projects we might be able to delay to ensure we don't run short of cash. Mr. Dachowitz said "yes" and that we are pricing a bond deal next week, and he received word today that all three rating agencies have reaffirmed that AAA rating and these will definitely be the lowest rates they have ever borrowed historically. He said he and the financial advisor have looked at the maximum amount of debt that can be handled before they start jeopardizing the AAA rating, and there is another key ratio that he is looking at a little more carefully which is the debt service in comparison to the operating budget and we are getting close. He said according to they own polices debt service should not be more than 10% of the operating budget so they are trying to balance that and he is working with Mayor Rilling to look at all the capital projects and are focusing on that. He said he does not think there is any danger this fiscal year but it is an early warning that he would like to take a closer look at to ensure there are no problems in the future.

8. RECEIVE OAK HILLS AUTHORITY MONTHLY FINANCIAL STATEMENTS FOR JUNE 2020.

Mr. Dickens reported and said the revenue they have generated since opening in May is \$1,036,869 and as of August 11, 2020 the cash balance is \$233,000 which in May was \$1,600 so things are moving in the right direction. He said they have made \$4,489 payments this week and are working to have a cash reserve going into September. He said that the city debt repayment was made in the amount of \$13,032 which is the \$2.00 per round for the month of July, and the remaining debt is \$41,767, the payroll is \$39,000, and the total remaining debt is \$80,767.00. He said the total debt that they have paid off since May 9, 2020, is \$849,902. Mr. Burnett asked if any discussions have started regarding auditing the fiscal year. Mr. Dickens said "yes" and Mr. Gartner is working on that and the budget is primarily done and they are projecting a low number in revenues, but is up slightly of what they think the revenues will be this year but the problem is they do not have a lot of revenue stream and need to establish some new ones. He said it is very expensive to run a golf course. Mr. Dachowitz said he had met with Mr. Dickens and running a golf course is a high fixed cost business and the expenses can only be managed so far and the goal is to manage the expenses to break even and look at prices to ensure they are getting good revenue per unit and hopefully over time those dynamics work in our favor.

Mr. Burnett asked if there have been any issues with social distancing. Mr. Dachowitz said "no" and everyone is following the rules.

Mr. Heuvelman said that he appreciated receiving the profit and losses and balance sheets this month and he is hoping that moving forward they will continue to receive them. He said is very excited that Oak Hills is now doing well.

9. ADJOURNMENT

**** MR. KEEGAN MOVED TO ADJOURN**

The meeting adjourned at 8:00PM

Respectfully submitted,

Dilene Byrd
Telesco Secretarial Services