

**CITY OF NORWALK
FINANCE/CLAIMS COMMITTEE
REGULAR MEETING
DECEMBER 12, 2103**

ATTENDANCE: Bruce Kimmel, Chair; Douglas Hempstead, Jerry Petrini, Travis Simms, David Watts, David McCarthy, John Igneri (7:52 p.m.)

OTHERS: Mayor Harry Rilling; Council Member Richard Bonenfant, Council Member Shannon O'Toole-Giandurco, Council Member John Kydes, David Westmoreland, George Gianetti, Norwalk BOE; Charles Arquette, Vision Government Solutions, Inc; David Arnold, Vision Government Solutions, Inc; Michael Stewart, Norwalk Tax Assessor

STAFF: Thomas Hamilton, Director of Finance; Fred Gilden, Comptroller; Lisa Biagiarelli, Tax Collector

CALL TO ORDER.

Mr. Kimmel called the meeting to order. A quorum was present.

PUBLIC PARTICIPATION.

No one from the public wished to address the Committee at this time.

Narrative from Tax Collector discussing purpose and procedures for the monthly Claims section of the Committee meeting.

Claims Committee: receive the monthly Claims report; review and approve claims as required for Claims Report dated:

**October 10, 2013
November 14, 2013
December 12, 2013**

Narrative on Tax Collection dated December 12, 2013 – Receive Report and discuss.

Monthly Tax Collector's report – Receive Report and discuss:

**September 30, 2013
October 31, 2013
November 30, 2013**

**** MR. KIMMEL MOVED THE ABOVE ITEMS.**

Ms. Biagiarelli came forward and greeted the Committee. She then gave a review of the November 2013 reports and her role as Tax Collector for the new Commissioners. (See Attached).

Ms. Biagiarelli then reviewed the Claims Committee Report and the details of the recent decision by the Superior Court regarding Raymour & Flannigan. She also gave a brief overview of the WPCA sewer fee adjustment for Raffaele Sandolo as contained in the November 14, 2013 Claims Refund Report.

Ms. Biagiarelli then reviewed the details of the Tax Sale. Mr. Kimmel then requested Ms. Biagiarelli to review the November Narrative in detail, which she did. (See Attached).

**** THE MOTION TO APPROVE THE SPECIAL REQUEST PASSED WITH (HEMPSTEAD, PETRINI, WATTS, AND MCCARTHY) AND ONE ABSTENTION (SIMMS).**

**** MR. HEMPSTEAD MOVED TO ACCEPT THE CLAIMS REPORTS AS PRESENTED.**

Mr. McCarthy stated that he would recuse himself from the vote due to a potential conflict of interest involving an item in the October 10th report. He left the Chambers at 7:16 p.m.

**** THE MOTION TO ACCEPT THE CLAIMS REPORTS AS PRESENTED PASSED UNANIMOUSLY.**

Mr. McCarthy returned to the Chambers at 7:17 p.m.

**Approve the Minutes of the following Finance Committee Meeting:
September 12, 2013.**

**** MR. HEMPSTEAD MOVED THE MINUTES OF THE SEPTEMBER 12, 2013 MEETING.**

**** THE MOTION TO APPROVE THE MINUTES OF THE SEPTEMBER 12, 2013 MEETING AS SUBMITTED PASSED WITH THREE IN FAVOR (HEMPSTEAD, IGNERI AND MCCARTHY) AND THREE ABSTAINING. (WATTS, SIMMS, AND PETRINI).**

Resolution authorizing a Special Capital Appropriation in the amount of \$27,958 for the Mill Hill Building ADA Accessibility Project (Account No. 09146310-5777 C0374).

Mr. Hamilton gave a brief overview of the item. Mr. Westmoreland came forward to speak about the Incerto House defunding and development of the Mill Hill Building ADA Accessibility

Project. He said that there were some funds from the Incerto House that were never reclaimed by the donors. The Historic Commission voted in July to close out the Incerto House account and appropriate the remaining funds to Mill Hill Capital Project. These funds will be used to improve the accessibility to the Mill Hill complex.

Mr. Westmoreland came forward and gave a brief history of the Incerto House project and stated that the cost to rebuild the house was not feasible. Multiple attempts to contact all the donors were made.

**** MR. MCCARTHY MOVED THE ITEM.**

Mr. Westmoreland was asked when the project was expected to move forward. He replied that the submitted bids were too high, so that a rebidding would be done. Mr. Westmoreland said that he expected that construction would conclude following the end of the school programs at the site.

Mr. Petrini was asked if this was the total amount that would go towards the project. He said that he was very impressed when the Council had their October meeting at the site to celebrate 100 years of the incorporation of the City of Norwalk and South Norwalk. Mr. Westmoreland said that the Council had allocated \$100,000 but the bids came back at \$250,000. He went on to list a number of items that could be completed, such as removing the asbestos floor tiles and renovating the bathrooms.

Mr. Kimmel asked what happened to the remains of the Incerto House. Mr. Westmoreland said that the trailers with the timbers are on private property and he has contacted a restoration company in the Eastern Connecticut about storing the timbers on their property and possibly selling the them at a future time. He went on to give the details of the proposal.

**** THE MOTION PASSED UNANIMOUSLY.**

Resolution, authorizing a Special Capital Appropriation in the amount of \$500,000 for improving Security and Enhance Safety in Norwalk Public School Buildings (Account No. 09145010-5777-C0260).

Mr. Hamilton said that the Capital Budget was constructed last year right after the Newtown shooting. \$100,000 had been included in the 13-14 budget as a placeholder for the security improvements. It was clear to those working on this budget that the \$100,000 was not going to cover the cost of increased security but was a placeholder. The BOE has conducted a safety assessment. and is now requesting to expedite those plans.

**** MR. IGNERI MOVED THE ITEM.**

Mr. Hempstead asked for the approximate start time of the project. Mr. Giannetti said that some portions of the plan will start immediately.

Mr. Petrini said that he supported this 100%. The discussion then moved to the financial costs and the Capital funds available. Mr. Hamilton said that the City would not have to go out to bond for this.

Mr. Hempstead asked for a list of the accounts that were closed out. Mr. Hamilton said that this information had been supplied to the BET and could be made available to the Committee members. The largest amount of funding came from the remaining funds from demolition of the Police Station.

Mr. Watts asked about the recent State grant for school security. Mr. Hamilton said that the BOE had received some funding from the State and would verify the amounts that the BOE received. Mr. Giannetti said that he believed one grant was \$65,000 and one additional grant was applied for, but he was not sure if it had been granted. Mr. Hamilton said that the information would be provided to the Committee members.

Mr. Kimmel asked if this would be a continuous process. Mr. Giannetti said that he believe this would be continuous.

**** THE MOTION TO APPROVE THE RESOLUTION, AUTHORIZING A SPECIAL CAPITAL APPROPRIATION IN THE AMOUNT OF \$500,000 FOR IMPROVING SECURITY AND ENHANCE SAFETY IN NORWALK PUBLIC SCHOOL BUILDINGS PASSED UNANIMOUSLY.**

**Receive the Board of Estimate and Taxation Appropriations dated:
November 4, 2013
December 2, 2013**

Mr. Hamilton said that the Committee does not actually need to vote on the Appropriations, but simply receives them. The BET will be placing the item on the Council agenda. He then gave a brief overview of the two requests.

The first special appropriation is for the removal of trees that were damaged by Sandy or other large storms.

Mr. Hamilton then presented the request from the Building Department for \$20,000 for temporary staff to cover the increased permitting activity. The BET resolution was included in the information packet. Mr. Ireland feels that this amount will be enough to cover the remainder of the year.

Authorize the Mayor, Harry W. Rilling, to submit an application to the State of Connecticut for grand funds provided under the State of Connecticut's Local Capital Improvement Fund for 2013 Entitlement .

Mr. Hamilton said that this agenda item had been placed on the agenda in error. The 2014 request will not be available until later. This item was withdrawn.

Presentation on the October 1, 2013 Re-evaluation.

Mr. Hamilton distributed copies of the presentation and back up materials. Mr. Hamilton introduced the various staff and Mr. Stewart, and others from the re-evaluation team involved in the project.

Notices have been sent to the property owners regarding their assessments. The property owners can appeal and new assessments are done. A series of four neighborhood presentations will be done at different locations in the various neighborhoods. The presentations will be similar to the presentation given to the Committee members.

Mr. Charles Arquette, from Vision Government Solutions, Inc., came forward and said that his company has more than 35 years of re-evaluation experience. New York City and Boston are among their appraisal clients.

Mr. David Arnold came forward to speak about appraisals. He reviewed the definition of what a mass appraisal was and how the methodology was. These are mandated by the State of Connecticut every five years and every 10 years require interior inspections. These properties are assessed at 70% of what the market value could be. There are various adjustments such as new construction and physical parcel verification.

Mr. Arnold then listed a number of misconceptions, such as the City would conduct a re-evaluation in order to increase revenue re-evaluations along cause everyone's taxes to rise and other issues. He also gave a definition of Market Value and explained that the re-evaluation process started in October of 2012 and included data collection, sale analysis and field review among other things.

Mr. Hempstead said that the field cards in the Tax Assessor's office do not contain much of the information that the re-evaluation team utilizes. He said that the more information that can be provided for the public is helpful. Mr. Arnold said that there is a sales analysis provided to the Assessor's Office in a manual. This includes an analysis of all the sales in the City and can be broken down into neighborhoods.

Mr. Kimmel asked how the assessor's deal with the residents who will not allow the appraisers into the residence. Mr. Arnold said that there was data available from the previous years.

Mr. Kimmel said that there were a number of years where there were no re-evaluations done, so there may have been work done on property that was done without permits. Mr. Stewart said that the City officials often give information to the Assessor's office from the Zoning Office or the Health Department. The selling price of the properties can be used as a guide for what the interior looks like.

Mr. Arnold said that Vision makes four attempts to contact the residents to gain access into the residence after measuring the exterior of the residence. He went on to explain the development of the assessed values. This includes Field Review, Sales Analysis and Valuation Model Development.

Mr. Igneri asked about how the changes made by FEMA last July would affect the evaluation. Many of the homes that were in compliance before the storm became out of compliance after the new guidelines were issued. Mr. Arnold said that all the sales that were made after the event were being evaluated closely. Mr. Hempstead said that it will be important to inform the residents that they can come in to appeal the assessment, but make them aware that there is only a narrow window of time to do so. Mr. Hamilton said that the City would be providing very specific information on individual property. A new tax calculator has been put on the website. All property owners have the right to understand how their taxes are calculated and have the right to appeal, both informally and formally. He said that he believed that the City was offering more information than most municipalities.

Mr. McCarthy said that he had tried the calculator and was given the information and was able to see what the new taxes would be if the budget remains constant. This shows the effect of the re-evaluation.

Mr. Watts left the meeting at 8:17 p.m.

Mr. Petrini asked if the commercial estimator was accessible. Mr. Stewart said that the notification for commercial businesses went out a bit later than residential.

Mr. Kimmel said that it would be helpful if The Hour could do an article on the tax calculator.

Mr. Arnold said that the informal hearings were currently underway.

Mr. Watts rejoined the meeting at 8:19 p.m.

Mr. Hamilton said that when Vision identifies a systemic issue that would affect more than one parcel, the adjustment would be made for the entire area affected, such as a complex or neighborhood.

Mr. Arnold said that the State of Connecticut requires certain statistics to be submitted and then property owners are notified of the taxes. Residents can then file with the Board of Assessment Appeals. Mr. Hempstead said that it might be a good idea to provide a checklist for the home owners who wish to appeal.

Mr. Arnold then reviewed the State of CT Statutory Ratio Testing Standards and the relevant statistics. Mr. Kimmel asked if the metrics for Stamford were similar to the ones for Norwalk. Mr. Arnold said that they were. He then reviewed the timeline with the Committee members.

Mr. Petrini then asked if the timeline would affect the setting of the budget cap. Mr. Hamilton said that the date of the budget cap would remain the same.

Mr. Hamilton then came forward and displayed a document to the Committee members. He said that he would be discussing what the implication of the re-evaluation would be for the various residents. The City is trying to be as transparent as possible and reminded everyone that this was about distributing the cost as equitably as possible. The Norwalk property values has declined and this is true across the country. While Commercial values are increasing by about 1%, many of the residential values have declined around 12%. This is particularly true for multiple family residents. Motor vehicles and personal property are assessed every year. 18% of the properties will see an increase in taxes while more than 80% will not. He then reviewed the various changes in the different classifications (single family, multiple family, condominiums, etc.)

Mr. Hamilton displayed a chart showing the Grand List by District. The results of the re-evaluation vary by district and also by neighborhood. The aggregated number shows a slight decline City wide. The discussion moved to the assessment of personal property.

Mr. Hempstead pointed out that Stamford had a 25% drop in property values. Mr. Hamilton said that residential property in Norwalk has been rising by half a percent a month. Shelton had a 17% drop, Greenwich dropped 12% and Westport dropped 13%. The values in Norwalk held up reasonably well.

Mr. Hempstead said that ECS factors the values heavily in their calculation. Mr. Hamilton said that this was true and he would speak about this issue. The re-evaluation is not complete and the appeals are a vital part of the process. It is critical to get this message out to the taxpayers. Having fair and equitable values is important. The tax calculator is available and Norwalk may be the only municipality that makes this type of tool available to their residents. Mr. Hamilton went on to show some hypothetical mill rates for single family dwellings. Norwalk's grand list is the third highest in the State; Greenwich is number one, Stamford is number two and Norwalk is third.

Mr. Watts asked if the taxes in Stamford would be lower. Mr. Hamilton said that the taxes would be slightly lower and reminded everyone that Stamford had a slightly larger commercial tax base. The determining factor is development and growth of the tax base. There is room for improvement, but Norwalk is doing well for itself. Mr. Hempstead said that there was also median incomes to factor in. Mr. Stewar said that the major component of the Grand List is the commercial percentage.

FY 2014-15 Overview. of Budget.

Mr. Hamilton then gave a brief overview of the Budget timeline schedule.

Mayor Rilling left the meeting at 9:15 p.m.

Mr. Hamilton said that the economy is showing signs of recovery, but Connecticut is lagging behind the rest of the nation. Residential and Commercial real estate values are still below the 2006-2007 values. There is also an upturn in building permit activity, which will help the grand list grow.

State Aid is projected to remain flat. Norwalk approves its budget before the State completes its budget. Mr. Hamilton said that his outlook on the budget is that it has improved over the last five years. Locally generated revenues are increasing over the last few years. Interest income has been flat and remains low. The tax base will decline by approximately 10% reflecting the impact of the re-evaluation. This will mean that the mill rate must be increased.

The BOE is the largest portion of the budget with every 1% increase translating into 1.6 million dollars. Most City labor contracts have been settled and provide for a 2% wage increase. Pension contributions is the third major budget driver and will continue to be so until 2015. Employee Health care benefits costs are well-contained due to recent negotiated change in the City Health Plan. There has been progress made in reducing the unfunded OPEB liability and no increase in OPEB contributions is expected. The insurance fund is anticipated to remain in the black.

Mr. Hamilton then reviewed the Structural Budget Drivers including pension, Health Benefits for both Current and Retired Employees.

52.6% of the budget goes to the BOE, Public Safety gets 13.2%. 90.1% of the revenue comes from residential taxes.

Mr. Kimmel asked if there would be a major discussion about the re-evaluation and the budget in January. In the past, the Finance Committee held their own public hearing. The regular meeting will be on the 13th. He suggested that a public hearing be scheduled during the week of February 17th. It was decided that it would be tentatively held on February 20th followed by a special Finance Committee meeting for discussion of the Operating Budget on the 20th, if needed.

Mr. Watts asked if there was anything that was being done in terms of senior tax relief. Mr. Hamilton said that that had been some adjustment three years ago by increasing the income limits and the benefits by about \$200 dollars. Mr. Stewart said that there is a State formula that the City uses. Mr. Hempstead asked how many residents were added. Mr. Stewart said that he thought there were about 250 new applications and there was about 1,200 - 1,300 residents currently in the program. Mr. Kimmel asked if this could be included in the January agenda. Mr. Stewart said that by the middle of January, the final figures have to be set. Discussion followed. Mr. Watts said that he was tired of seniors giving testimonies about how they had to leave because they are on fixed income and can't handle the property taxes. Discussion followed about the process.

Mr. Kimmel said that the January agenda should have updates on the re-evaluation, the budget, and a discussion about senior tax relief.

ADJOURNMENT.

**** MR. IGNERI MOVED TO ADJOURN.**

**** THE MOTION PASSED UNANIMOUSLY.**

The meeting adjourned at 9:50 p.m.

Respectfully submitted,

Sharon L. Soltes
Telesco Secretarial Services

To: Finance and Claims Committee Members
From: Lisa Biagiarelli, Tax Collector
Date: November 26, 2013
Re: Agenda / Meetings

The Tax Collector's Office interacts with the Finance and Claims Committee on a limited basis. I attend the monthly meeting primarily to present information concerning tax refunds. As a courtesy, I also keep the Committee informed of current and past due tax collection activity and provide monthly reports in both spreadsheet and narrative form.

The Tax Collector's Office issues refunds in accordance with Connecticut General Statute 12-129 and generally accepted accounting principles. Most refunds occur because abatements or credits are granted by the Assessor's Office after a tax bill has already been paid. For example, taxpayers sell or otherwise dispose of motor vehicles after having already paid their bills in full. Many refunds are issued to leasing companies that pay taxes on behalf of their lessees, who subsequently change cars mid cycle and are entitled to tax refunds. Sometimes third party agents, such as attorneys or escrow agents, make duplicate payments of bills, or misidentify a tax bill and pay on the wrong parcel.

The procedure for refunds is relatively strict in terms of documentation, although not burdensome to the taxpayer. We require the taxpayer to complete a form and to provide a valid signature and backup information concerning the payment, in order to verify both that this particular taxpayer has in fact made the payment in question, and that this person or entity, and no other, is entitled to the refund.

Refunds in an amount less than \$10,000 are processed by the Tax Collector's Office without requiring special approval. These refunds are, however, still presented to the Committee each month, and the Committee exercises a measure of oversight regarding this process. The report of refunds presented will include the name of the taxpayer, the amount of the refund, and the reason. Due to the high volume of accounts, we process literally thousands of refunds per fiscal year, as part of our normal office activity.

Committee members are asked to review the listings of these refunds in order to fulfill the oversight function. If a councilman's own name, or if the name of a relative, close acquaintance, or entity with whom he or she is associated (for example, an employer or a client) appears on the listing, in order to avoid the appearance of impropriety, the councilman may consider recusing himself or herself from the discussion and vote.

Refunds in an amount of \$10,000 or more are considered "*special requests*." Special requests require the formal approval of the Finance and Claims Committee and subsequently the Common Council. These refunds are not processed until the Committee's, and Council's approvals are received. The Tax Collector will have information on any special requests available at the meeting. Special requests are listed separately from other refunds, at the end of the report.

The Committee will also be asked periodically to approve tax abatements for various housing projects. These abatements stem from agreements approved by prior Common Councils. Partial tax abatements are granted by the City and are subsequently submitted by our office to the state for full or partial reimbursement. For example, one agreement is for a low income senior housing project to pay 10% its annual rental income toward taxes; the balance of the tax bill is then abated, according to the agreement. In this example, the amounts in question change semi-annually or annually to reflect the income of the project and the amount of the tax levied.

The Tax Collector's Office also presents the Committee with reports in order to keep members informed of ongoing collection processes and activities. We provide monthly reports on collections, and compare the current collection cycle (year to date) with the prior year, in order to track our progress toward budgeted collections of both current and past due taxes. We respond to questions from Committee members about current and delinquent collection enforcement activity. However, according to the organizational structure of the City, the Tax Collector still reports directly to the Director of Finance, rather than to the Committee, or to the Council as a whole.

The Tax Collector's Office is directly responsible for the collection of about 90% of the city's operating revenue. The staff of the Tax Collector's Office includes eight fulltime employees: me as Tax Collector; Al Palumbo, Jr. as Assistant Tax Collector; Cynthia Haith, Nancy Crow, Cindy Mazzone, Jeanette Cerrato, Levetta Brantley, and Sheila Miller. Six of the eight are state certified in municipal tax collection. We pride ourselves on efficient, diligent collection of current and back taxes. Our collection rate is the highest among Connecticut's six largest cities and we consistently achieve our budgeted collection goals.

There is extensive information on the tax collection process on our homepage on the city's website. Taxpayers can look up their taxes, and their payment history, online and can pay online. We have various flyers and information available for members of the Committee, or for their constituents, as needs arise. We are also available in person or by telephone or email to answer any questions. I usually work late and am reachable at my desk after 5 pm. I wish all the members of the Committee well, and am looking forward to working with you.

To: Board of Estimate and Taxation, Finance & Claims Committee
From: Lisa Biagiarelli, Tax Collector
Date: December 12, 2013
Re: Narrative for November 2013 Tax Collector's report

As of the end of November, 2013, five months into the 2013-2014 fiscal year, we had collected **52.02%** of our current tax levy on the 2012 grand list, in excess of \$147 million. In addition, we had collected **49.58%** of our current sewer use levy, an additional \$6.5 million. We collected about 79% of the IPP (Industrial Pretreatment Program) fee. We ended the first five months of the fiscal year very slightly ahead of our collection rate from the same time period last year for current tax collections (0.01%), and slightly behind for sewer use collections (-0.32%).

Through the end of November 2013, we also collected in excess of \$1.7 in back taxes, interest, lien fees and other fees. The back taxes collected year to date during this fiscal year are approximately \$427,000 less than what was collected in back taxes during the prior fiscal year. Back tax collection figures are net, and reflect outlays that were made to taxpayers as a result of settlements reached in several large scale tax assessment appeal cases. For example during one month alone, \$700,000 in back tax collections was transferred to (then) current grand list year collections as a result of court stipulations in assessment appeal cases. Court appeals that are settled frequently call for 'overpayments' made on prior grand list years to be transferred to current taxes as part of the stipulated agreements with taxpayers who have appealed their taxes. A large number of these appeals were settled this past spring. Our prior year collections and our new grand list collections both reflect the effect of these court appeals, and will continue to do so.

That being said, the 'gap' between the two years is closing. We are down to a \$400,000+ gap now, whereas two months ago, that gap was in excess of \$700,000. The reason the gap is closing is our work on the tax sale. Our tax sale will be held on July 21, 2014. We do tax sales every two years. A preliminary mailing to properties that are scheduled for inclusion in the sale was sent in early November. Since that time, we have collected in excess of \$510,000 on those properties. Collecting more than half a million dollars in about four weeks after only one mailing is proof that tax sales are effective collection enforcement and a positive endeavor for our office. Work on the sale will continue from now through July.

We continue to work with our state marshal on business personal property accounts that are under tax warrant for collection. Nearly \$1.9 million has been collected since the inception of the alias tax warrant program, either by the delinquent tax collector herself personally, or through the use of state marshals serving alias tax warrants. Several dozen new warrants are issued each month during this time of year. Through January, we will work with the Department of Health to deny a health permit to any business owing past due taxes that are more than a year late. The high current and back collection rates that our office consistently achieves are the result of consistent and persistent activity including biannual tax sales, wage garnishments, tax warrants, permit revocations, delinquent billings, and so on. A high current tax collection rate results in lower and more stable mill rates, which is real tax relief for every taxpayer.

Tax bills for the second installment of the 2012 grand list tax billing were mailed to Norwalk taxpayers on December 4 and 5, and are payable by Monday February 3, 2014. Because February 1 falls on a Saturday, taxpayers have until the following business day to make timely payment. We mail the bills in advance of the holiday mail rush, and well in advance of the end of the calendar year, in order to accommodate taxpayers who wish to pay by December 31 and to allow taxpayers to prioritize and balance their holiday spending against their tax bill.

Taxpayers may pay online, over the phone, or in person with a credit card, debit card, or ATM card, or on line with an electronic check. They may also pay by mail. They may pay in person at City Hall, or at one of 11 Norwalk bank branches that serve as 'satellite' tax payment locations. There is no charge for using the bank branch service, and taxpayers do not have to be a customer at that bank. This enables customers who prefer an in-person transaction to pay where they live or work if they find this more convenient than making the trip to City Hall.