

**CITY OF NORWALK
FINANCE/CLAIMS COMMITTEE
REGULAR MEETING
OCTOBER 9, 2014**

ATTENDANCE: Bruce Kimmel, Chair; Jerry Petrini, John Igneri, David McCarthy, Douglas Hempstead, Travis Simms (7:09 p.m.), David Watts (7:09 p.m.)

STAFF: Thomas Hamilton, Finance Director; Fred Gilden, Comptroller; Lisa Biagiarelli, Tax Collector; Gerald Foley, Purchasing Agent.

CALL TO ORDER.

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

PUBLIC PARTICIPATION.

Mr. Kimmel asked if there was anyone present from the public who wished to address the Committee. No one came forward.

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

**** MR. MCCARTHY MOVED THE MINUTES OF SEPTEMBER 11, 2014.
** THE MOTION TO APPROVE THE MINUTES OF SEPTEMBER 11, 2014 AS
SUBMITTED PASSED UNANIMOUSLY.**

**Claims Committee: receive the monthly Claims Report; review and approve claims
as required for Claims Report dated October 9, 2014.**

Narrative on Tax Collections dated October 9, 2014 – Receive Report and discuss.

**Monthly Tax Collector’s Report – Receive Reports and Discuss:
September 30, 2014.**

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

Ms. Biagiarelli said that this report was for information only since the refunds were below the threshold for Committee approval.

Mr. Kimmel said for the record that the collection percentage currently was 96% and that the Council members would be disappointed if the City did not break 99% of the collections.

Mr. Watts and Mr. Sims joined the meeting at 7:09 p.m.

Ms. Biagiarelli then reviewed her report. (See attached)

Discussion of purchasing Procedure: Lowest responsible bidder should include taking in account monies owed to the City.

Mr. Foley distributed an informational document to the Committee. He explained that he had contacted some other municipalities regarding how they handle the issue. After he received a number of responses, he sat down with Atty. Beltz-Jacobson and reviewed the material. Following this, he created a suggested policy as a starting point of discussion. After the Committee discusses this proposal, then it will go to ordinance and through the process.

Mr. McCarthy said that he worked for IBM and had been offset because of something that an IBM division in another state had done. He expressed concerns about this type of situation arising. Ms. Biagiarelli said that it would not offset it.

Mr. Hempstead asked if a bidder could be prevented from picking up a bid packet. Mr. Foley said that the bids are posted on the web, so anyone can have access to them. The discussion moved to possible methods for checking whether the company was current on the taxes. Mr. Foley said that depending on the number of bidders, when the bids are opened, it can take up to two or three hours just to open, record and stamp the bids.

Mr. Hempstead asked about the statement that "Any rejection on such grounds will be subject to review and consent by the Director of Finance or the Office of Corporation Counsel." Mr. Hamilton said that he believed that the language would be a safety in terms of not allowing the Purchasing Agent making a decision to reject a bidder on his own.

Mr. Petrini asked whether the City would have the right to withhold the amount of taxes due if the contractor owed money to the City. He said that if there was a sole source of a produce or service, the outstanding taxes would prevent the contractor from being awarded a bid. Discussion followed.

Ms. Biagiarelli pointed out that the State statute reads that the personal property would be delinquent a year later. She suggested that this be changed to read just "delinquent".

Mr. Igneri said that he felt that the City could find itself in a situation where a contractor wasn't able to order supplies because of the City withholding the tax amount. He added

that when he was responsible for submitting RFPs and often a qualification submission was required before the bid was submitted. Both Mr. Foley and Mr. Hamilton said that the two step process was very labor intensive and difficult to do. Mr. Foley said that they had done this with something like a historical restoration, but also pointed out that when a bidder is rejected, they can appeal the decision.

Mr. Kimmel asked how frequently this type of situation happened. Ms. Biagiarelli said that it does not happen frequently.

Mr. Hempstead said that it might be possible to have some kind of clause included in the contract that would give the City the right to deduct the taxes owed from the amount. Ms. Biagiarelli said that she has the authority from the State to collect the money for the City. She said that she has done this in the past, but the problem comes in when the contractor has several different corporations.

Mr. Kimmel said that he would like this to be presented again at the next meeting with a possible resolution. He thanked Ms. Biagiarelli and Mr. Foley for their work on this.

Receive Board of Estimate and Taxation Appropriation dated October 6, 2014.

Mr. Hamilton said that the item was simply for the Committee for a review as a matter of protocol. The Committee cannot prevent this item from being moved to the full Council.

Mr. Hamilton then briefly reviewed two special appropriations requests with the Committee. Recreation and Parks had to deal with a number of dead or downed trees following the severe storms, including the micro burst that occurred in September that destroyed a number of trees in the public parks. Normally, the budgeted amount for tree removal is sufficient but the violent storm events have had a severe impact on the trees.

Mr. Kimmel asked if DPW had tree trimming in their budget. Mr. Hamilton said that they did and also had money appropriated for the outside tree services when it involves power lines. He said that before the tree crew was created, the City spent in the neighborhood of \$150,000. That has been significantly reduced. The DPW crew does assist the Recreations and Parks crew from time to time.

The discussion then moved to the request from the Library for a transfer of \$6,000 for additional Library Programs. Mr. Hamilton said that this was part of a contractual account and could include things like bringing in a musician for a program or hiring an accountant. Mr. Kimmel had several questions about the accounting practices and accounts.

General discussion that overtime, retirement, other unanticipated costs as Insurance Fund, storms or other unanticipated losses, and DROP plan would have during a given budget year.

Mr. Kimmel said that this came up when the discussion about overtime was underway. He said that there were a number of items that were unanticipated at the start of a budget year. Mr. Kimmel wished to know how these projections are done.

Mr. Hamilton said that the departmental budgets are projected at the beginning of a year. Snow removal has a great fluctuation in terms of how much will be used in any given year.

Police overtime also has a great deal of fluctuation due to the number of officers on the roster. If positions are vacant, the salary of the vacant position can often offset the overtime costs somewhat. When a new patrol officer comes on board, there is a period when the officer is in training or on probation and the City is paying the salary but not getting the service an experienced officer would provide. He then went on to speak about severance pay and the timing issues involved. This would also include the DROP contingency. Because of all of the variables, it is impossible to project what the overtime will be. Last year, there was a \$2,000 overage in overtime. This would be within the normal range of operations. If it was \$5,000 or \$6,000 overage, it would be an area of concern. The Finance Department tries their best to construct a realistic budget and have the contingency account as reserve for those overage events. Police and Fire along with snow removal are the biggest unknown on the expense side.

On the revenue side, in 2009, the revenue side of the budget was severely hit. The real estate conveyance tax, building permits and other revenues dried up as the interest rates plummeted.

Mr. Kimmel said that the BOE manages without a contingency fund. Mr. Hamilton said that it was wise to have some kind of contingency fund, although it might not be labeled as such. Their biggest accounts are the salaries for the teachers and the benefits. Since most of the teachers generally retire at the end of the school year, so it makes forecasting a bit easier. However, the support staff, such as secretaries and custodians, might be more likely to leave during the year. The BOE does have the Special Education fund, which can fluctuate much more because a student

Mr. Kimmel said that he would like to invite the appropriate the Oak Hills Authority to the November meeting along with Mr. Barron to discuss their financial situation, particularly in regard to the 1.5 million State grant. Mr. Kimmel asked what would happen if the Master Plan was not approved by the Council. Mr. Hamilton said that he could not say for a fact that the Master Plan was required for the grant funding.

ADJOURNMENT.

**** MR. Petrini moved to adjourn.
** the motion passed unanimously.**

The meeting adjourned at 8:15 p.m.

Respectfully submitted,

Sharon L. Soltes
Telesco Secretarial Services

To: Mayor Harry Rilling; Board of Estimate and Taxation; Finance & Claims Committee
From: Lisa Biagiarelli, Tax Collector
Date: October 9, 2014
Re: Narrative for September, 2014 Tax Collector's report

As of the end of September, 2014, three months into the new fiscal year, we had collected **52.12%** of our current tax levy on the 2013 grand list, more than \$152 million. In addition, we had collected **50.69%** of our current sewer use levy, an additional \$7 million. We collected 76.26% of the IPP (Industrial Pretreatment Program) fee. We are slightly ahead of our collection rates from the same time period last year for both current tax collections (0.3%), and for sewer use collections (1.6%).

During the first three months of this fiscal year, we also collected nearly \$2.5 million in back taxes, interest, lien fees and other fees. Back taxes collected year to date are \$1.5 million more than what was collected in back taxes during the same time period in the prior fiscal year. This was due to the effect of the July 2014 tax sale. Also, last fiscal year we ran behind throughout the entire year due to our net back tax collections feeling the effect of tax credits necessitated by court stipulated judgments in assessment appeal cases. Back tax collection figures are net, and reflect outlays made to taxpayers as a result of settlements reached in tax assessment appeal cases. A large number of these appeals including a number of high dollar amount cases were settled during the prior fiscal year. This affected our collection statistics all year. It is our hope this will not happen in 2015.

For financial reporting purposes we reported last month that our year end collections for the 2012 grand list including amounts collected during the 60 days immediately following the close of the 2014 fiscal year (through end of August 2014) yielded a collection rate of 99.01%. This is a high collection rate particularly in a city of this size with a levy that was close to \$300 million. We reported this last month but it bears repeating.

We issued delinquent notices, called 'demand' notices, during the second week of September to those taxpayers who did not pay on time in July. The demand mailing produced no major issues. Bills for the second installment payment will be sent around December 10 in order to beat the holiday mail rush and to allow time for those taxpayers who wish to pay prior to the end of the calendar year on December 31. We expect to run the file for that billing sometime around the Thanksgiving holiday.

We are still dealing with some paperwork relative to the July 21 tax sale but the bulk of the work on the sale has been concluded. This was our sixth tax sale since 2003. In total these tax sales have yielded in excess of \$24 million in back tax collections. Our next sale will likely be in July 2016.

We are working now on wage garnishments and property seizures, and will be doing more door to door collections with our state marshal. We will focus on business personal property taxpayers who owe substantial amounts or who owe for a long period of time. Health permits for various establishments renew at the end of the calendar year. Taxpayers should not be able to renew their health permit if they owe back taxes.

In accordance with this reasoning, we are working with the Purchasing Agent and the Law Department to suggest a policy that would take into account whether a business entity owes back taxes when considering whether or not to award contracts for work with the City.

While some collection enforcement measures may at first glance appear harsh or punitive, please remember that 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. Lower mill rates equate to real property tax relief for every taxpayer.