

**CITY OF NORWALK  
FINANCE/CLAIMS COMMITTEE  
REGULAR MEETING  
MAY 12, 2022**

**ATTENDANCE:** Greg Burnett, Chair; Nora Niedzielski-Eichner, David Heuvelman, Tom Keegan, Diana Revolus, Jenn McMurrer, John Kydes (arrived 7:30 pm)

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

**OTHER:** Carl Dickens, Oak Hills Authority; Bill Lindsay, Munistat

**CALL TO ORDER**

There was a quorum present.

**PUBLIC PARTICIPATION**

There was no participation by members of the public.

**APPROVE THE MINUTES OF APRIL 14, 2022, REGULAR MEETING**

**\*\* MS. MCMURRER MOVED APPROVAL OF THE MINUTES OF APRIL 14, 2022, AS SUBMITTED.**

**\*\* THE MOTION PASSED UNANIMOUSLY.**

Chair Burnett proceeded to combine discussion of the Claims Reports Item numbers 5, thru 7 to the Committee for

Item 5 -Monthly Claims Report of May 12, 2022

Item 6 -Narrative on Tax Collections dated May 9, 2022

Item 7 -Monthly Tax Collector's Report dated April 2022

and were presented by Lisa Biagiarelli, Tax Collector

### **Narrative on Tax**

The May report was viewed on slides submitted with the agenda. No claims over \$10,000 were listed. If there are no claims in excess of \$10,000 the item is for information purposes only. No action was required by the Committee.

Ms. Biagiarelli, moved on to the levy that were reduced to 98.9%. This is neither good or bad but is neutral. In April and May will be the time to wrap up of tax levies. A garnishment is put against payroll deductions for employees who are delinquent on paying their taxes. There are bank and payroll garnishments that will be used to collect delinquent taxes. The tax rates for the coming year have been set for next year by the Board of Estimate and Taxation. The rates have been put into the software now to produce upcoming bills. The tax bills will go out in mid-June (15<sup>th</sup> to 20<sup>th</sup>). Taxpayers have until August to pay their taxes.

The work on the 2021 tax sale was completed. There were 248 properties of which four were sold and one went to the City as there were no bids on it. Taxes collected amounted to \$9.5M on this process which started in 2019 and expired in mid-April of 2020.

Mr. Heuvelman asked about staffing issues in her department She has 8 employees, but only 6 out of the 8 are on premises, one is working from home at this time.

Mr. Heuvelman asked if this will be changing in June?

Ms. Biagiarelli said there is a timing issue. She mentioned that the elderly have a different time table for paying their taxes. She also stated how taxes for all citizens are being prepared and she is responsible the flow of the process along with her staff.

Mr. Heuvelman thanked Ms. Biagiarelli for efforts.

Mr. Dachowitz stated that there are some issues in the Tax Assessors office. Bills are anticipated to go by June 15 with the current resignations in the department. This is caused because of COVID and juggling schedules in the office.

Mr. Heuvelman asked about resignations in the Assessor's office.

Mr. Dachowitz stated that there was a key resignation in this office and the Tax Assessor is aware of it. There are limitations in the office due to COVID, however it is anticipated that the bills be out by June 30, it is not a question of legal compliance, but a choice by the department to have the bills out in the mail by June 30. There are limitations with some resources.

Mr. Heuvelman asked far behind is the office with resignations from a staffing point?

Mr. Dachowitz commented the department might be one week behind from last few years, however it is not a big issue.

Mr. Heuvelman asked how understaffed is the Assessor's office now?

Mr. Dachowitz responded there are people with health issues, and we are coordinating with people who are not in the office. It is a juggling act currently.

Ms. Eichner noted over payments for Corlogic and Lorretta LLC. do they process their payments all at once or is just for this month?

Ms. Biagiarelli explained that these companies are tax services. They are the middleman between lenders and municipalities. They collect data, payments, and remittances on behalf of mortgage holders and submit to us. In some cases, they have laid out money themselves. Corlogic is the largest service and when they submit to information there is a large amount of money.

Ms. Eichner asked who controls property that goes to the city?

Ms. Biagiarelli stated the city owns multiple properties. It does not go through her department after the city takes ownership. She stated that there may be a surplus property auction or sale of a collection of properties in the future through the Purchasing Department or Corporation Council offices.

Chair Burnett complimented Ms. Biagiarelli for her departments' hard work.

Chair Burnett moved on to a report on Oak Hills Authority from Mr. Carl Dickens via phone line.

### **Oak Hills Authority**

Mr. Dickens stated that there will be a need for rain which has impacted income of late.

There is \$225,000 in the bank after paying off lines of credit. It looks like we are below budget due to weather, however, it appears to seem to be passing. These funds remain

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after paying off the cart path in full. The line of credit is in full tack and it will not need to be touched. Currently under performing by about \$24K against the budget. It is anticipated that the budget will be met. The monies owed to the City is anticipated being paid back in July of \$172,000

The POS system for reserving tee time with Golf Now system which is being worked through. Reservations can be made by calling or going online. The restaurant is now open. Due to weather conditions the service has been off and on. He foresees good for the golf course this season. He commented that it looks like a good year ahead.

A slide presentation was revealed. On Sunday, May 22 from 3- 5 p.m. will be an event hosted by the 501 3C. It is in honor of the founders of Tennis Friends of the late Art Goldblatt. There will be a silent auction.

There will be a change in staff assignments as Mike DePalma will no longer be Chair, he will be replaced by Joe Andrasco as Chairperson; Vice Chair will be Al Dutton with a two-year term; Jennifer will be the finance person after next meeting when they will be sworn in. They will take office as of July 2022.

He asked Ms. Revolus if she received information about community involvement.

She responded she has not been contacted at this time.

Mr. Dickens will contact Paul to remind him to contact Ms. Revolus.

Chair Burnett appreciated the Oak Hill Update. He promised to forward a copy of the flyer to the Council on May 22 Event.

### **Receive Board of Estimate and Taxation May 2, 2022, Resolution**

**RESOLUTION, MAKING APPROPRIATIONS for various Public Improvements aggregating \$38,983,540 for the FY 2022-23 Capital Budget and authorizing the issuance of \$38,983,540 General Obligation Bonds of the City to meet certain Appropriations in the FY 2022-23 Capital Budget.**

**\*\* MR. HEUVELMAN MOVED TO REVIEW THIS BONDING REQUEST OF MAY 2, 2022**

Mr. Dachowitz and Mr. Ellis proceeded to discuss the bonding request.

Mr. Dachowitz, CFO, spoke about the appropriation process of issuing bonds. Borrowed money must be spent within 2 to 4 years, it cannot be held and used 10 years later. This is this year's appropriation of \$39M. It has been presented and approved by the Council. This is the final step in the process.

Bonds are issued for capital projects. This allows him to issue bonds based on cash flow not on time of approval. Mr. Dachowitz and Chitsamay Lam meet with department heads to gather information quarterly. They are asked to estimate on a quarterly basis expenditures not to incur IRS tax issues. Now that it has passed Council he was asking for approval of this Committee to proceed to acquire this bonds. He explained that a calendar is developed to see what monies needs to be acquired. He also mentioned looking at the acceleration of interest rates this request is being made by Estimate and Taxation. This item will also be addressed in the Update on City Debt Service.

Mr. Burnett asked whether Mr. D would be going out to obtain bond money.

Mr. D stated that there are projects that are placed on the calendar and compare the cost and usage time to see how they fall within the requirements for using this money.

Chair Burnett stated that there is backup detail in the packet on the project by department and each project underneath.

**\*\* CHAIR BURNETT ASKED FOR APPROVAL TO MOVE THE RESOLUTION AS SUBMITTED TO THE FULL COUNCIL AT THE TUESDAY, MAY 24<sup>TH</sup> COUNCIL MEETING.**

**\*\* MOTION PASSED UNANIMOUSLY.**

### **Update on the City Debt Service**

Mr. Dachowitz and Bill Lindsay, Munistat presented a slide segment and explained Norwalk's current position.

Mr. Dachowitz started by explained the definition of the term city debt.

He proceeded to display the chart entitled Debt Service and explained the meaning of figures shown. This chart is part of the packet prepared for this meeting for all attendants He stated that debt service is the technical term for operating expense when

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payments are made on principal and interest on bonds. This could be a 15 or 30-year term. The interest payment is based on the interest rate at which we borrowed times that principal amount.

Mr. Dachowitz moved to the second slide on Bond Series showing the numbers for 2022. TIC means true interest cost. He said that interest is climbing frequently and this affects the debt service for Norwalk. Norwalk is among the few cities that has a three Star Bond Rating.

Mr. Linndsay commented on the increase of basis points since January 2022. Inflation is causing concern of interest rates over the next 18 months.

Ms. Revolus commented that she appreciated the narrative for Norwalk residents.

Mr. Dachowitz spoke about the non-taxable bond market compared to last year. He said borrowing on a taxable basis, the money can be banked with no restriction on the interest earned. The gentlemen were creative for Norwalk.

Ms. Nora asked about the information that Norwalk will be receiving 60% reimbursement rate on borrowed funds. What impact will this have on capital funds for Norwalk.

Mr. Dachowitz commented on 4% that affects Norwalk with regard to losses during 2008 thru 2011. He spoke to the work by Senator Burr. He said the real issue that the numbers keep going up on the tax side. Our tax rates have to go up

Ms. Nora stated that is a dark picture but it is good to have a real one.

Mr. Heuvelman asked about the \$20M is there a list of the projects and the year they were passed in?

Mr. Dachowitz did cover that with Chair Burnett. But he will distribute the information again.

Mr. Heuvelman asked is there a list of the money and projects for this bonding in the resolution

Mr. Dachowitz said this has been done project by project with each manager and the managers have begun to think in this way.

Mr. Dachowitz will present the quarter-by-quarter process and show a chart in this regard.

Chair Burnett mentioned this item was reviewed line-by-line in January.

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Mr. Heuvelman if there could be an updated chart on how this current resolution for bonding will relate to current projects.

It was agreed one will be developed.

Mr. Heuvelman asked whether the trend would continue over the next few years.

Mr. Lindsay asked whether he was looking at the inflationary trend over a 15 or 30 year trend.

Mr Heuvelman ask will this trend continue until July.

Mr. Lindsay said that if the rates continue to increase, we will not know what we will see in late summer early fall.

Mr. Heuvelman concern is how these increases will affect us in next few months.

Mr. Lindsay commented that that is an open situation as increases come from the treasury. There have been a few days without rate increases.

Mr. Heuvelman finished by saying his concern as these trends continue what will the long term effect be.

Ms. McMurrer asked if there is a scrub list of improvements that could be removed or not done at all. What about cutting the capital improvement list and what should be.

Mr. Dachowitz feels a scrub list would be great some projects could be eliminated, removed or toned down. Possibly put off to the future when debt will have been paid down and there is more availability to borrow.He has been concerned in this area. He has found that elected officials do not like to go back on approved projects

Ms. Revolus agreed, how does this affect our residents, tenants, homeowners, and others.

Chair Burnett asked what steps can be taken care for our Triple A Bond rating?

Mr. Dachowitz stated contractual dollars and salary cost for employees is one area. BOA is a separate issue, it is an expense issue. Capital budget is an area where we will need to borrow for on projects. He asked Mr. Linsay for his input.

Mr. Lindsay said that the pressure is on rating is on the debt. It is larger than what the city has done historically. As the debt load goes up some will be less conservative in their budgeting and there is no replenishing of fund balances and one starts eating into the reserve budgets will not help, affecting the bond rate. Maintaining its current position with the largest rainy day fund in CT.

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Mr. Dachowitz said that Norwalk had the best “rainy day budget” which the bond investors look at. There are states are having trouble with their pension plans. Norwalk has had four plans funded up to 90-100%. It can slide back some but is in the top five percent in the country.

Mr. Heuvelman if we become a Double A rated city are we talking about multi basis points in the numbers.

Mr. Lindsay said a double A rated position would be two notches equaling 15 basis point -30 points today for the scenario.

Chair Burnett asked for updated project list by next meeting.

Mr. Dachowitz said they have ongoing information and can present what is anticipated for the next four quarters. It is going to be project by project by department. It will be circulated to the committee.

Chair Burnett suggested once that information is reviewed then dialog can begin on how to be in a better position with suggestions regarding these projects and possibly changing position when we are in a better financial position.

Mr. Dachowitz stated that there is not an updated list on the \$20M historical. The update chart can give the projections on that project list. This can be distributed quickly.

Chair Burnett asked for any other questions on debt services.

He proposed conversation on these items going forward for the next meeting.

Ms. Eichner asked if projections are available for the schools’ capital 25-year projection plan. Do you have schedules for the plan/project for each year if practiced.

Mr. Dachowitz replied that Tom Hamilton, former CFO, presented that schedule six to 10 months ago in a calendar format and I can forward that to you.

Ms. Eichner thanked Mr. Dachowitz for the information.

Chair Burnett commented that the next meeting items discussed and suggestions made tonight can be considered.



**ADJOURN**

**\*\* MS. REVOLUS MOVED TO ADJOURN.**

**\*\* MOTION PASSED UNANIMOUSLY.**

The meeting was adjourned at 8:40 p.m.

Respectfully submitted,

Alvina LR Decker

Telesco Secretarial Services