



Fiscal Committee - Board of Representatives

Monica Di Costanzo, Chair

Lindsey Miller, Vice Chair

Committee Report

Date: Monday, April 20, 2020

Time: 7:00 p.m.

Place: Meeting by Webinar

The Fiscal Committee met as indicated above. In attendance were Chair Di Costanzo, Vice Chair Miller and Committee Member Reps. Coleman, Fedeli, Figueroa, McMullen, Morson, Nabel and Pendell. Also present were Reps. Jacobson, Mahoney, Michelson, Sherwood and Summerville and Zelinsky. Also present were Jay Fountain, OPM Director; Kathy Emmett, Corporation Counsel; Jim Travers, Transportation Bureau Chief; and Sandy Dennies, Acting Director of Administration.

Chair Di Costanzo called the meeting to order at 7:05 p.m.

Item No.	Description	Committee Action
1. F30.298 \$250,000.00	ADDITIONAL APPROPRIATION (Capital Budget); C56241; Traffic Management Studies; Payment from Developer at Gateway Site per Zoning Requirements for Comprehensive Traffic & Mobility Study. 03/03/20 – Submitted by Mayor Martin 03/03/20 – Approved by Planning Board 03/16/20 – Approved by Board of Finance 03/23/20 – Held by Committee 7-0-0	Approved 8-0-1

Mr. Travers explained that every developer is required to do a traffic study. This is for a more holistic downtown-wide traffic and mobility study. The study in connection with the development was already completed. \$250,000 is the total cost. The last study was done in 1991. A motion to approve Item No. 1 was made, seconded and approved by a vote of 8-0-1 (Reps. Di Costanzo, Miller, Fedeli, Figueroa, McMullen, Morson, Nabel and Pendell in favor; Rep. Coleman abstaining).

2. F30.325 \$400,000.00	ADDITIONAL APPROPRIATION (Operating Budget); Transfer of Funds from Contingency to Cover Outside Counsel And Other Professional Consultants' Expenses. 04/06/20 – Submitted by Mayor Martin 04/07/20 – Approved by Board of Finance	Approved 9-0-0
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Ms. Emmett explained that the cost for outside counsel has already exceeded the budgeted amount due to unanticipated legal matters, including Board of Ethics litigations (which requires the use of outside counsel, since the Legal Department is conflicted); police litigation; Servidio litigation; chicken coop at SMNC; the school management

litigation against ABM and AFB; and employment litigation. Not all of unexpected claims end up in public litigation and cannot be disclosed. She expects this amount to cover the costs through the end of the fiscal year. A motion to approve Item No. 1 was made, seconded and approved by a vote of 9-0-0 (Reps. Di Costanzo, Miller, Coleman, Fedeli, Figueroa, McMullen, Morson, Nabel and Pendell in favor).

The Committee next considered Item No. 5.

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| 5. F30.322 | APPROVAL; Compliance with State of Connecticut Governor's Executive Order 7S (Providing for Property Tax Relief)
04/08/20 – Submitted by President Quinones | Committee
Approved both the
deferral program,
with an
application, and
reduced interest
rate options 8-1-1 |
|----------------------------|--|---|

Ms. Dennies explained that there are two aspects to the program: a 90 day deferral on the payment of taxes by those affected by Covid-19, after a demonstration or attestation of being affected (The State OPM has drafted a form to be used) and a reduction of the interest rate for unpaid taxes for 90 days from 18% per annum to 3% per annum, with no proof of hardship required. The Board has the authority to accept either one or both options.

Ms. Dennies reviewed the [memo](#) she sent earlier in the day.

The Board members on the webinar discussed this item with the invited guests. Items discussed included the following:

- Ms. Emmett did not know if cooperatives are eligible for deferrals, as they are similar to banks collecting escrow funds from members, but may also be able to demonstrate hardship
- There is no liability to the City if the City does not conduct “spot” audits, only if it administers the program in an arbitrary manner
- Approximately 35,000 properties will be eligible; the City does not have the resources to audit all of them or follow up on the documentation prior to implementing the deferral
- The cash requirements of the City between July and the end of September are approximately \$218,000,000; the City would receive about \$90,000,000 in escrow payments in July (as not affected by the deferral); the City might be able to do a tax anticipation note to borrow the funds needed until January, at which point the note would need to be paid in full
- What if there is another type of deferral order later in the year; would it make more sense to look at bonding rather than a short term loan? The State could certify that the City is in an emergency situation and eligible for a 10 year bond, but the Governor has not responded to the Mayor's inquiry about this

** brief time when technical difficulties were experienced impacting notes/video

- The interest on the late payments would be tax deductible

Chair Di Costanzo reviewed the [Board of Finance Advisory Opinion](#), approved 5-1-0

A motion to approve the deferral program only, with an application was made and seconded.

Board members and invited guests discussed this motion. Items discussed included the following:

- How would people be educated about the existence of the form
- The State OPM has developed a form to be used
- The City doesn't have to require an application if it broadens the program to all taxpayers

A motion to amend the original motion to remove the application requirement was made and seconded.

Board members and invited guests discussed this proposed amendment to the motion. Items discussed included the following:

- The City could audit the applications afterwards, and seek repayments from those who did not meet the requirements
- The form has already been developed by OPM and could be included in the tax bill, as well as posted prominently
- The City doesn't have to require an application if it broadens the program to all taxpayers
- It is not a hardship to have people fill out the form
- The concern is whether the bottom 20% for whom this deferral needs this most having access to the form
- The public will see 90 day deferral and not realized they need to fill out an application
- The City can borrow enough to get through October
- The use of a form would probably result in about an additional \$20,000 of overtime
- Landlords would still have to file an application
- 40% of the taxpayers are commercial, who could take advantage of the deferral and use the funds for something else, without needing the deferral
- The City needs the funds
- Everyone in the City is affected by the virus, but some people can still pay their taxes in July
- Would there be a way to only require a form from those above a certain level of tax liability?
- Would the DMV know that the auto tax had been deferred?

The motion to amend the original motion to remove the application requirement failed by a vote of 3-6-0 (Reps. Miller, Coleman and McMullen in favor; Reps. Di Costanzo, Fedeli, Figueroa, Morson, Nabel and Pendell opposed).

A motion to amend the original motion to include the temporary reduction of the annual interest rate from 18% (1.5% per month) to 3% (.25% per month) was made and seconded.

Board members and invited guests discussed this proposed amendment to the motion. Items discussed included the following:

- The reduction lessens the pain for people who don't read the form
- This gives people a reason not to pay their taxes

- The interest reverts to the 1.5% per month after October 1st on any remaining balance
- It is not so difficult to fill out the deferral form
- People will abuse this
- The application can be in the tax bill in multiple languages
- This is a large incentive for people not to pay their taxes on time
- \$65,000,000 is a large sum to make up
- The deferral form needs to be properly advertised and made available
- The deferral form must be submitted by July 1
- Taxes for commercial properties equal \$230,000,000; given the option, commercial properties will pay late
- Doing both does create a liquidity concern for the City

The motion to amend the original motion to include the temporary reduction of the annual interest rate from 18% (1.5% per month) to 3% (.25% per month) was approved by a vote of 6-1-1 (Reps. Miller, Coleman, Figueroa, McMullen, Morson, Nabel and Pendell in favor; Rep. Fedeli opposed; Rep. Di Costanzo abstaining).

The original motion, as amended, was approved by a vote of 8-1-0 (Reps. Di Costanzo, Coleman, Fedeli Figueroa, McMullen, Morson, Nabel and Pendell in favor; Rep. Miller opposed).

3. [F30.318](#) REVIEW; FY 2019-20 Third Quarter Projections **Report Made**
04/01/20 – Submitted by Director Fountain

Mr. Fountain reviewed the [attached memo](#) with the committee. He noted that the projections are a moving target because the City is spending rapidly on COVID-19 costs.

4. F30.321 REVIEW; Budget update **Report Made**
04/01/20 – Submitted by Director Fountain

6. F30.323 REVIEW; Weekly Budget Meeting. **Report Made &**
04/08/2020 – Submitted by Chair Di Costanzo **Held**

Items 4 and 6 were discussed together. Chair Di Costanzo explained the current budget process to the Committee, including the participation by Board members at the Board of Finance meetings. The Fiscal Committee will review the Board of Finance process weekly and will meet to deliberate on the budget. She reviewed the [guidelines](#) produced by the Board of Finance at its April 2, 2020 meeting. The Board of Finance has created 2 working groups – collective bargaining and expense reduction. The Fiscal Committee will meet again on Monday, April 28, 2020 to continue this discussion

7. F30.324 REVIEW; Current Actions and Plans to Reduce Costs **Report Made**
during COVID-19 Pandemic. **Made**
04/08/20 – Submitted by Reps. Zelinsky, Adams,
Coleman, Graziosi and Pratt.

Ms. Dennies stated that the City is looking at ways to reduce costs. Mr. Fountain stated that the City is currently holding all non-critical vacant positions.

Chair Di Costanzo adjourned the meeting at 10:06 p.m.

Respectfully submitted,
Monica Di Costanzo, Chair

** Due to technical difficulties only the second half of this meeting is on [video](#)