SPECIAL MEETING MINUTES
MAYOR'S BUDGET PRESENTATION TO THE BOARD OF ALDERMEN &
THE BOARD OF APPORTIONMENT & TAXATION
Wednesday, March 22, 2017 at 5:15 PM
54 Hill Street, Shelton, CT 06484

CALL TO ORDER/PLEDGE OF ALLEGIANCE

Chairman Cris Balamaci called the Special Joint Meeting of the Board of Aldermen and the
Board of Apportionment & Taxation to order in the Auditorium at 5:19 p.m. All those present
rose and pledged allegiance to the Flag of the United States of America.

ROLL CALL

Chairman Cris Balamaci, Board of A&T- present
John Belden, Board of A&T- present
Joe Knapik, Board of A&T- not present
Louis Dagostine, Board of A&T-present
Karen S. Battistelli, Board of A&T-present
Adam M. Heller, Board of A&T – not present

Alderman John F. Anglace, Jr., President of Board of Aldermen – present
Alderman Eric McPherson- Vice President of Board of Aldermen- present
Alderman Lynne Farrell- not present
Alderman John “Jack” Finn- present
Alderman Stanley Kudej- present
Alderman Noreen McGorty- present
Alderman Jimmy Capra - present
Alderman Anthony Simonetti- present

ADMINISTRATION

Mayor Mark A. Lauretti, City of Shelton
Paul Hiller, City of Shelton Finance Director
Ray O’Leary, City of Shelton Treasurer
Chris Cloutet, Board of Education Superintendent of Schools
Dominic Barone, Board of Education Finance Director
AGENDA ITEM

1. PER CITY CHARTER SECTION 7.2, MAYOR LAURETTI TO PRESENT HIS BUDGET FOR FY 2017-2018 TO THE BOARD OF ALDERMEN AND BOARD OF APPORTIONMENT AND TAXATION

Good Evening this is budget number 26 and I must say in 26 years it is a very different presentation and very different circumstances. And there are some of who are not surprised by the way, but I guess things come full circle and here we are.

Good evening Members of the Board of Aldermen and Board of Apportionment & Taxation, Members of the Press, Ladies and Gentlemen... Tonight your attention is drawn to the state legislature and the governor’s budget ...

Shelton has long enjoyed a history of fiscal stability with a mill rate that has attracted new residents, new businesses and new jobs while earning state and national praise as the most affordable Connecticut Community.

Budgets have always been a challenge but this one defies logic and common sense. The Governor has proposed to the CT Legislature a serious fiscal municipal realignment based on his plea that municipalities share in the state fiscal pain. For Shelton, he has proposed:

- A reduction of 3.8 million dollars in ECS money
- That Shelton absorb an additional 3.8 million dollars in unfunded teacher pension costs and
- The state share of special education cost be based on a five-year spending history. (Historically, Shelton and other municipalities around the state have never been reimbursed at the rate the law requires.)

One only need read my budget messages over the last 26 years to appreciate the financial quagmire the state is now facing.

Two years ago Governor Malloy said that he would not sign a budget that balanced on the backs of education or the municipalities, and I quote from the Governor. The Governor’s proposals represent a serious financial disruption for Shelton and many other Connecticut municipalities:

- When will the State budget be set?
- What level of State funding will the legislature adopt?
- Will teacher pension cost payments now be legislated onto the backs of municipalities?

These unknown factors cause major issues when setting local budgets because of their impact on municipalities who have limited revenue raising sources. The Governor and State Legislature has placed our state in an untenable situation that cannot be resolved in the short term. Simply passing on these operational costs on without making structural changes to the way Connecticut provides service to its residents is not only wrong but a premeditation to deception. This tactic, if left in place, will accelerate the state’s downward spiral.
So that no one be misled; my position is clear:

- The State is responsible for K-12 education costs – that is in our Constitution
- The Governor is illegally and irresponsibly trying to pass those state costs onto municipalities
- Teacher pension costs are the responsibility of the state per state law
- The state legislature needs to finalize its budget in a timely manner to allow municipalities time to accurately and fairly set their budgets.

For these reasons, my proposed budget will reflect what is currently in place ... in other words; funding levels will remain the same as this current year. While Shelton has once again experienced good Grand List growth for the 26th consecutive year, something not many other CT municipality can match; the possibility of having to make up more than 7 million dollars leaves us all wondering when and how the state legislature will resolve the issues that plague our states’ financial health and now threaten CT municipalities.

By Charter I am required to present my budget to the BOA and A&T no later than March 22nd. Otherwise, I would wait until the legislature finalizes the state budget. However, nothing prohibits me from making recommendations throughout your budget deliberations if and when additional information becomes available.

I am proposing a budget for FY 18 based on current revenue and expenditure levels of $123,331,031. It will result in a mill rate of 22.21.

I remind you that the Shelton budget process culminates with adoption by the Board of Aldermen at the end of May. It is my hope that the state legislature will finalize their budget plan prior to that time so that more accurate numbers will be available to you.

Historically the major political party in Hartford has adopted the state budget. This year, with the Senate tied, constituent pressures could force positive change. Citizens must demand that the legislature reject the Governor’s intrusive proposals and change the law to allow municipalities to continue doing what they do best; providing local constituent service within their ability to pay. State mandated and unfunded intrusion into local affairs removes from municipalities’ local rule which has served the people of Shelton and Connecticut so well over so many years.

The irony is that reducing Shelton’s ECS Grant by 3.8 million dollars and asking us to pay another 3.8 million for teacher’s pension costs does not solve the teachers unfunded pension problem. Only a change in this state created law can accomplish that. Unfortunately, leaving this issue in limbo is unfair to our teachers and only adds more future uncertainty. The fact is that there is not enough local ECS grant money left to resolve the unfunded teacher pension problem so what will the legislator tax next?

I and other bi-partisan municipal leaders have warned the Governor and Legislature for years:

- about unfunded state mandates,
• about spending beyond their means,
• about decreasing municipal ECS aid
• about depressed economic conditions resulting in lost jobs and underemployment,
• about excessive state bonding,
• about restrictive state business regulation,
• about not fully reimbursing us for Excess Special Education costs,
• about the colossal state debt,
• about taxes, taxes and more taxes along with onerous regulation year in and year out which makes CT less competitive and increases the municipal burden.
• And, that CT must get a handle on education mandates ... In 1991 Shelton student enrollment was 6,700 pupils and the budget was $11,288,000...in 2016 student enrollment dropped to 4,900 (down 1800 students, not insignificant) and the education budget has ballooned to just under $72,000,000, up to 60 million dollars. I realize this is a new day and era but this is just unsustainable especially when our tax base continues to exit the state.

Businesses continue to leave; people with wealth, because of the estate tax, become residents in other more affordable states; our youth upon graduation from college go elsewhere because of job opportunities that are not here or they can't afford to live here.

The time is now for Shelton and other CT municipalities to take a stand by opposing costly mandates; often-times providing no benefit other than to cost us all more money in taxes. We need to make our voices heard based on facts and I encourage everyone to support our effort in this years budget process in an orderly and sensible conclusion and that starts by making your voice heard in Hartford.

Thank you for your attention and I look forward to this lengthy deliberation as we await what the state will pass on all of us, thank you!

MARK A. LAURETTI
Mayor

ADJOURNMENT

Chairman Balamaci MOVED to adjourn at approximately 5:35 pm. SECONDED by John Belden. A voice vote was taken and the meeting was adjourned.

Respectfully Submitted,

Ashley Conklin, Clerk
Board of Aldermen

DATE APPROVED: ___________________ BY: ___________________

Mark A. Lauretti
Mayor, City of Shelton