



Mayor Mark A. Lauretti, City of Shelton
Fiscal Year 2020-2021 Budget Presentation to the
Board of Aldermen and the
Board of Apportionment & Taxation
Tuesday, April 21, 2020 at 12:00 p.m.

ROLL CALL

Board of Aldermen

Alderman John F. Anglace, Jr., President- Present
Alderman Eric McPherson, Vice President- Present
Alderman David Gidwani- Present via phone
Alderman Stanley Kudej- Not Present
Alderman Noreen McGorty- Present via phone
Alderman Cris Balamaci- Present via phone
Alderman Bernie Simons- Present via phone
Alderman Anthony Simonetti- Present via phone

Board of A&T

John Francino-Quinn, Chairman, Board of A&T – Not Present
Michelle C. Laubin, Board of A&T – Present via phone
Steven Guralnick, Board of A&T – Present via phone
John Boyko, Board of A&T, Not present
Joseph Knapik – Not present
John A. Belden, Jr.– Present via phone (due to technical difficulties he could not be heard but was present)

Administration

Mayor Mark A. Lauretti
Fran Teodosio, Corporation Counsel – Present via phone
Thomas Cotter, Assistant Corporation Counsel – Present via phone

Mayor Mark A. Lauretti
City of Shelton
Fiscal Year 2020-2021 Budget Presentation to the

Members of the Board of Aldermen and Board of Apportionment & Taxation:

Good afternoon:

The theme for this year's budget is uncertainty, do more with less, and everyone must do their part, whatever it is. Never before in 29 years, have I been faced with such a daunting task with a life and death crisis facing the citizens of our city, state, nation and the entire world. Never in our lifetime has a disease so seriously impacted our personal safety, our economy and our way of life.

Our President has marshalled the best scientific minds and national resources to get our nation through this crisis. Our Governor has issued over 30 Executive Orders impacting us in different ways. There are countless stories across the nation of revenue shortfall to states in the millions and billions. States and cities are implementing hiring freeze and furlough for hundreds to thousands of employees.

We undergo many daily changes in our lives but this critical situation is demanding change faster than anyone could have imagined. Fortunately, technology is guiding our decisions and our actions to help us cope and carry on with essential public services. To that end, I ask your cooperation and patience.

The reality is that we are seeing unprecedented change and economic uncertainty. We have been asked to change our lifestyle and that has impacted the way we conduct city business to ensure our survival. We have been asked to change the way we educate our children and the way we interact with each other. These changes are impacting each of us and all levels of government.

City tax revenues during the first one hundred twenty (120) days of the 2020-21 fiscal year are uncertain as will be household income due to unemployment and the closing of businesses of all sizes. Yet rent and/or mortgage payments must still be paid. The Governor has extended rent collections for 90 days that will impact landlords' ability to pay mortgages, taxes and necessary maintenance. Households will still need to buy food. This fiscal hurricane is going to impact every household and municipality throughout Connecticut. The only thing we don't know is how deep the damage will be or for how long it will last, creating tax collection and cash flow uncertainty.

I am appealing to those taxpayers and those businesses who possess the fiscal ability, to step up and pay their taxes as soon as possible. That will be a big help!

Normally, I would look to the state for help in this situation but it has already been reported in Governing Newsletter that Connecticut is expecting a \$500 million dollar shortfall in the current fiscal year and a \$1.4 billion dollar deficit next year, more evidence that these are not normal times. Consequently, I am concerned that our major state revenues, such as the ECS Grant, will be continued at least at current levels. Once again municipalities are in the position of having to adopt a budget without accurate state budget revenue information.

Fiscal relief in the CARES Act was largely limited to states, as well as localities, with populations larger than 500,000. **Shelton received nothing!** Smaller cities are hoping they can count on direct assistance from the federal government in the near future. That is uncertain but it sure would help. Governing Newsletter reports, it will help but still not be enough to make them whole. One thing most of us agree on is that all cities will be dealing with the coronavirus and its fallout for months to come. Federal government stimulus is now at 2 trillion dollars and will grow. It begs the questions, who will be asked to pay that back and how it will be done, adding more pressure on the average taxpayer and business. State and federal governments should not pick and choose what sectors of society will pay and who gets relief, as we have experienced

through the Governor's executive orders. Everyone must share in the economic burden.

With the current conditions as they exist due to COVID-19, City officials have had to think long and hard to plan accordingly for the next fiscal year. We have entered uncharted territory and all the more we need to plan wisely to the best of our ability for our financial future. In the past, the City has enjoyed a collection rate of 99%. The City should anticipate a collection rate this year of 98%, a significant drop in cash. In addition, the State has delayed tax deferments for three months adding to the already bleak scenario. Dealing with reality, the City is reducing the revenue estimate on motor vehicles by \$200,000 dollars as the City anticipates there will be a drop in sales for motor vehicle purchases through this fiscal year. Thus, generating less revenue. Cash flow will certainly impact the ability to pay bills for vital services. With that being said, the City will need a whole new approach for the budget process, which will be flat funding for the 2020-2021 fiscal year. There will not be any increases in budgets. To add insult to injury, the City's fund balance has been depleted to almost zero due to the fact that for two consecutive years of overspending by the Board of Education resulted in a law suit and leaving the City with no cash reserves.

Given the circumstances of this pandemic, my first thoughts were to look for budget cuts or to continue the budget spending plan in place for the 2019-2020 fiscal year. As such, I am presenting a budget designed to maintain current levels of city services and without causing a major adverse financial impact on our citizens' households.

Consequently, I am proposing a budget for FY 2020-21 with revenues and expenditures of \$128,182,039 that will result in a mill rate of 22.42 mills.

I wish you well. Stay safe and healthy. In the end, be reminded that everyone must do their part. That is what has made America the greatest country on earth.

Mark A. Lauretti

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