

SPECIAL TOWN COUNCIL MEETING

DECEMBER 30, 1991

7:00 P.M.

AGENDA

1. Roll Call and Pledge of Allegiance
2. PUBLIC HEARING on an Ordinance Amending Ordinance #295 Concerning the Voting Districts of the Town of Wallingford - 7:00 P.M.
3. Discussion and Action to Recommend that the Mayor Appropriate \$1.7 million of the Undesignated Surplus of the Budget Year Ending June 30, 1991 for the Purpose of Reducing the Revaluation Impact on the Taxpayer of the Town of Wallingford as Requested by Vice Chairman Edward R. Bradley
4. Discussion and Action for the Public Utilities Commission to Issue a Quarterly Report to the Town Council Indicating the Nature of the Businesses Who Have Applied for and Received the Incentive Electric Rates as Requested by Vice Chairman Edward R. Bradley

SPECIAL TOWN COUNCIL MEETING

DECEMBER 30, 1991

7:00 P.M.

A Special Meeting of the Wallingford Town Council was held on Monday, December 30, 1991 in the Robert Earley Auditorium of the Wallingford Town Hall and called to Order at 7:09 P.M. by Chairman Albert E. Killen. Answering present to the Roll called by Town Clerk Kathryn J. Wall were Council Members Bradley, Duryea, Killen, Papale, Parisi, Solinsky & Zandri. Council Member Holmes arrived at 7:12 P.M. and Councilors Gouveia and Parisi were absent. Mayor William W. Dickinson, Jr. arrived at 7:17 P.M., Town Attorney Janis M. Small was present; Deputy Comptroller Eva Lamothe was present.

The Pledge of Allegiance was given to the Flag.

ITEM #2 Public Hearing on an Ordinance Amending Ordinance #295 Concerning the Voting Districts of the Town of Wallingford - 7:00 P.M.

Mr. Bradley read the Ordinance in its entirety into the record (see Appendix #1) .

Mr. Solinsky asked the Registrars of Voters, C. Mildred Reig and Marjorie N. Toth if there was a specific deadline which had to be met with this action?

Ms. Toth explained that her office needs to have new printing lists ready in time for the Republican and Democratic Town Committee Meetings which will be held on January 8 and 13, respectively.

The State Statutes supersede the Charter, therefore the action taken this evening will become effective immediately upon passage.

If the Council decides to incorporate the two new voting districts into the pre-existing fourteen it will result in a cost savings to the Town. If, however, the Council decides to establish two new voting districts it will incur the cost of purchasing two additional voting machines, establishing two additional polling places, the hiring of twenty-two individuals to man the polling places on election day, etc.

Mr. Solinsky voiced his concerns regarding the acceptance of the districts in which exceptions were made to the sequential order of the street numbers. He was concerned over where the new homes, if built on empty lots, would fall in regards to the districting?

Mayor Dickinson suggested amending the language of the ordinance so that the ordinance adopts the district lines as shown on the maps present at the meeting this evening and on permanent file in the Town Clerk's Office.

Atty. Small amended the ordinance with the following language which would constitute a new section II:

In accordance with Chapter II, Section 7 of the Charter of the Town of Wallingford, Ordinance #295 is hereby amended in accordance with an amended map entitled, "added new streets dated 10/22/91 Department of Engineering Town of Wallingford - scale 1600' to 1 inch" which map is on file in the Office of the Town Clerk and includes the addition and deletion of specific streets and sections thereof to those districts listed in exhibit A. In all other respects Ordinance #295 remains in full force and effect.

Mr. Bradley made a motion to Approve the Ordinance with the Amended Language, seconded by Mrs. Duryea.

VOTE ON THE AMENDMENT: Gouveia & Parisi were absent; all others, aye; motion duly carried.

VOTE ON THE AMENDED ORDINANCE: Gouveia & Parisi were absent; all others, aye; motion duly carried.

ITEM #3 Discussion and Action to Recommend that the Mayor Appropriate \$1.7 million of the Undesignated Surplus of the Budget Year Ending June 30, 1991 for the Purpose of Reducing the Revaluation Impact on the Taxpayer of the Town of Wallingford as Requested by Vice Chairman Edward R. Bradley

Motion was made by Mr. Bradley, seconded by Mr. Holmes.

Mr. Bradley stated that he believes that it is good financial planning to have some cushion within our accounts and in looking through the financial audit report and viewing where the funds were actually coming from, the Town did show a favorable variance on the revenue side of the budget of \$1.666 million. We also had a favorable variance on the expenditure side of the budget as well, \$1.384 million for a total of \$3.178 million. Of the total, \$1.56 million went to the undesignated fund balance. That balance has grown from \$5.2 million to \$7.1 million. Of that amount 5% is set aside to guarantee a Aa credit rating and low interest rates with regards to bonding. That amount has now accumulated to over \$3.4 million. The remaining \$1.221 million is applied to the "Designated for Subsequent Years Expenditures" fund. That is money that is set aside for budget years that are forthcoming. In essence, we are paying in advance for the budget of next year. He feels that \$3.1 million is excessive to keep on hand, it is the taxpayer's money. Last year \$1.8 million was set aside to help offset the effects of revaluation with an additional \$1.6 million being earmarked for the same use this year.

Mr. Bradley feels that this money should be returned to the taxpayers since it is their money and that even more could be returned by taking away from the funds that are designated for next year's budget. He referred to the list of municipalities who set aside a percentage of their surplus to guarantee themselves a Aa credit rating the same as Wallingford does. This list was compiled by the Comptroller's Office at the request of Mr. Bradley and distributed this evening to all Council Members. Wallingford had a total General Fund Balance of \$63.7 million for F.Y. ending June 30, 1990 and had on hand to main-

tain the Aa credit rating, \$3.186 million. That also did reflect \$2,049,000. for revaluation and assumed that the \$1.8 million has grown to that amount based on interest that has accumulated on that money. But when compared to other towns and the amount of money that Wallingford keeps on hand, granted there are a lot of variables that go into it, Wallingford far exceeds the amount of money that is kept on hand to guarantee a Aa rating. It is a wonder why we don't have a Aaa rating. If you compare it to a town like Trumbull which has a budget of \$58.7 million, they keep \$1.6 million on hand and that guarantees them their Aa credit rating; Norwich has a budget of \$53.796 million keeps \$1.3 million on hand; Manchester with a \$73.6 million budget keeps \$1.7 million on hand.

Mr. Bradley has continuously questioned the amount of money kept on hand by our town to insure the credit rating. It is understandable that we would want to get the lowest interest rate possible but in looking at comparable towns, they don't keep nearly as much as Wallingford does on hand. He asked that the Mayor and newly elected Council take a good look at the numbers (list attached - Appendix I) to develop a better understanding of the numbers and what they truly represent and if we could possibly reduce the number and/or return a portion of the surplus through revaluation.

He went on to say that the Council did work long and hard on the budget to reduce expenditures, all to no avail with the veto. The original dollar amounts were put back into place and that is somewhat reflective of the \$3.1 million surplus. He reminded everyone that thousands if not hundreds of thousands of dollars were trimmed from the budget during the workshops by way of eliminating overtime with the approval of the departments heads. With the Mayor's veto, those dollars were incorporated back into the budget. He asked that the Mayor and Council look hard at the numbers, without jeopardizing the financial position of the town, to try to get back as much money of the surplus back in to help offset our revaluation and the impact that it will have.

He asked the Mayor what the plan was for distribution of the funds to offset revaluation, would it be done over the period of one year or two, three, maybe four?

Mayor Dickinson responded, ideally it would be a multi-year period. What the impact will be and what will be necessary, is impossible to forecast at this time. It should not be used all in one year.

Mr. Bradley asked the Mayor for his feelings on the Aa credit rating funds in comparison to what other towns have on hand?

Mayor Dickinson pointed out that of the 24 towns on the list, 13 of the 24 ran deficits last year. If this continues, they won't maintain a Aa credit. The average of the 24 towns in a reserve is 4.72% and feels that Wallingford is right in the ball park with 5%. It is easy to spend money but is not as easy to maintain reserves and the ability to meet emergencies and have a good credit rating. Thus far the town has done that and should continue to do that. We do not want to tax anymore than necessary, there is a great deal of hardship in the community as far as employment and that has to be

taken into account. We may have to use some of that reserve if things are difficult enough. For instance, the \$1.2 million is already designated for this year's budget. That leaves a \$1.9 million balance. Again, it is not easy to maintain caution in budgeting and expenditures and keep the town on solid financial footing. That is a mission that both the Council and the Mayor's Office have to continue to pursue with a very firm and clear eye toward that difficulties that the economy, the public, in general are suffering.

Mr. Bradley suggested that the town may want to consider re-negotiating the current debt. He stated that there is no mention of where the enterprise funds fit in, i.e., the Electric Division and Water & Sewer Divisions when it comes to actual cash on hand. They are sizable amounts of money. He asked, again, to take a good hard look at monies available to see what we can return to the taxpayer.

Mayor Dickinson cited an instance where a neighboring town of New Haven budgeted \$9 million expected from the State and reduced the mill rate based upon that expected infusion of cash and were promptly given a lower credit rating simply because the credit rating agencies asked, where are you going to receive that money from next year? There has to be great caution in the utilization of money. If the utilities have major capital needs then that would be the next question that any credit rating agency would ask, if you are taking money from the utility, then what will you do as far as the utility project? If we did not have to borrow any money for projects, then we could ignore them, but we are going to be selling another \$10 million on the water treatment plant and there will be other bond issues so we are in need of maintaining a good credit rating.

Mr. Bradley urged everyone to look at other alternatives to come up with creative ideas and suggestions to re-approach the financial institutions and see if we really are getting the best deal.

Mr. Philip Wright, Sr., 160 Cedar Street found this information extremely interesting. He wanted to know how much it would cost the town if we did not have a Aa rating this past year? How much more would it have cost us to borrow?

Mayor Dickinson could not, off hand, provide that information. Comptroller Myers could best answer that question but, unfortunately, he is not present this evening due to a vacation schedule.

Mr. Wright felt that was pertinent information. It may sound good to have a Aa rating but he wanted to know just how much would still be in his pocket if we did not have the rating? It is nice to be sitting fat and happy but would rather be in control of his own dollars. He would like to see the town's finances run close to the bone and felt it is as reprehensible to come through with a surplus all the time as it would be if we came through with deficits once in a while. He would like to get some of his own money back while he is still living. He would like to reap some of the benefits of good management.

Mayor Dickinson stated that if we did not have the reserves, we would face a major problem on revaluation. Not that we don't have a major

challenge as it is but without any reserves we have no ability to ease the impact of it.

Dave Canto, 4 Meadows Edge Drive felt that these continuing surpluses plus the revaluation is a poor excuse for picking the taxpayer's pockets. He would like to see the entire surplus given back to the taxpayer because they are the ones who are responsible for it through overtaxation year after year after year. He did not feel that the town needs a \$3.1 million surplus for guaranteeing low interest rates when interest rates are falling and the debt could be refinanced as it is. He wants some sort of relief so he could pay for the future tax increases that are coming in the next year because, no matter what the Mayor says, we know what his track record is. Every year there is a tax increase and it is always at a greater rate than inflation. It would be nice to have a little bit of money to pay for that. Wallingford is not Beverly Hills or Greenwich and should not become that. It is a middle class town. He pleaded to have his money given back to him.

Mr. Killen pointed out that out of the municipalities that have a general fund expenditure of over \$50 million, nine of them to be exact of which Wallingford is one, Wallingford is the highest in the percentage put aside for unreserved/undesignated fund balance at 5%. The closest one to us is the City of Danbury with 4.64% with a \$102 million general fund expenditures. The rest are infinitesimal. In addition to the 5% put aside, we have also put aside \$2 million for revaluation, and as everyone knows, we have \$18-19 million in the Electric Division and still we end up with a Aa rating. If some of the other communities can get by with 0.66%; Hartford, 0.60%; Manchester, 2.35%; Middletown, 0.60%; Milford, 3.50%; Norwich, 2.53%; Trumbull 2.81%, what is it about Wallingford having more money than them, including a utility that can be sold at a forced sale for twice what we have in cash on hand, that we are still put in a list with the others and have to put these kind of dollars aside? There is something wrong with my thinking. If I go into a bank and ask for a loan and they want me to put up \$2 million equity for a \$50,000 loan, I would say there is something wrong. We are doing the same thing here. We are putting aside dollars, those dollars are going to appear someday, believe me they are going to appear, all of a sudden they will not be necessary there. They were put aside for a reason. It was undesignated all right. The Council never budgeted it. I always thought the Council was the fiscal body of the Town of Wallingford. You learn something reading these books once in a while. I hope some of the others around here will read them one of these days. I wish more of the public would pay attention. Don't you (the public) come and scold us later on after the election telling us what went wrong because it is too late then.

Diana Hotchkiss, 38 Clifton Street agreed with Chairman Killen. She was present at a revaluation meeting. She witnessed companies come in and hold hour long meetings only to see them get their taxes lowered because they have other businesses who will back them by protesting as well. She felt that it was a three ring circus. She thought it was high time that the money went back to the taxpayers because, in the end, they always get it in the end, the wrong direction as well.

Lester Slie, 18 Green Street felt that the excess funds should be returned to the taxpayers. He feels that the younger generation has it much harder with trying to raise a family with both parents working to survive.

Edward Musso, 56 Dibble Edge Road felt that the older folks should get the money back since they have contributed the most. He felt that a small surplus is acceptable.

Bradley urged everyone to read the Comprehensive Annual Financial Report for June 30, 1991. It has everything in there, the amount of acreage of open space, the school enrollment projections over the past ten to twelve years, etc. The Comptroller's and Town Clerk's Offices will have copies available for the public.

In his final statement, Mr. Bradley amended the motion to read as follows:

To Recommend that the Mayor Bring Forth a Resolution Appropriating a Minimum of \$4 million Plus Interest of the Undesignated Fund Balance and a Plan for Distribution of Same for the Purpose of Reducing the Revaluation Impact on the Taxpayers of Wallingford, seconded by Mrs. Duryea.

Mr. Bradley noted that it is a recommendation that is non-binding.

VOTE: Gouveia & Parisi were absent; all others, aye; motion duly carried.

ITEM #4 Discussion and Action for the Public Utilities Commission to Issue a Quarterly Report to the Town Council of the Town of Wallingford Indicating the Nature of Businesses Who Have Applied and Received the Incentive Electric Rates as Requested by Vice Chairman Edward R. Bradley

Motion was made by Mr. Bradley, seconded by Mr. Holmes.

Mr. Raymond Smith, Director of Public Utilities forwarded correspondence stating that as of December 27, 1991, to the best of his knowledge, no one has formally applied for the special rate which will become effective February 2, 1992.

Mr. Bradley informed everyone that his intent in placing this item on the agenda is to bring a reporting process to the Council for the purpose of tracking and measuring the effectiveness of the incentive program on businesses.

Edward Musso, 56 Dibble Edge Road felt that the ratepayers in town should be offered a break in rates also.

Diana Hotchkiss, 38 Clifton Street felt that prior to the newly elected Council being sworn in she wanted to know what the status of Community Pool was?

Mr. Killen informed her that there is nothing currently ongoing at the moment. No subcommittee has been appointed at this time. He assured her that this subject will not be forgotten once the new Council is in effect.

She was saddened by Mr. Killen leaving the Chairman's position.

Mr. Bradley has been working on investigating the Community Pool issue and will forward it to the Council once compiled.

VOTE: Gouveia & Parisi were absent; all others, aye; motion duly carried.

Mr. Killen took a point of personal privilege at this time to extend his gratitude and admiration to Mr. Bradley in fulfilling his position of Vice-Chairman for the past two years. He was sorry that he was vacating the position. He thanked everyone for making his role a lot easier and for the respect bestowed upon him from the public and his fellow Councilors. He enjoyed his many years and will continue to do so the next two. He apologized to the individuals who felt let down by his relinquishing of the Chairman position.

Mr. Holmes took a minute to wish Mr. Bradley the best of luck. He spoke highly of his dedication and hard work on the Council and has always had the best interest of the town at heart.

Mr. Holmes also took a minute to thank Mr. Killen for serving the Council well over the past few terms and felt that his leadership will be missed.

Mr. Bradley thanked everyone for their kind words and recognition. It was a pleasure to serve as Vice-Chairman to Mr. Killen which has proved to be a valuable learning experience. He thanked the public for its support and input in the legislative process. He acknowledged his wife Jane and daughter Jennifer who were his most ardent supporters and campaigners. He wished all remaining and new Councilors much success. He will be back for budget sessions and hoped that more of the public will do the same.

Mr. Killen extended a wish for a very happy new year to all present on behalf of the Council.

Mr. Slie stated that the Town of Wallingford should be thankful that they have such a dedicated, hard working Council. Unfortunately he feels that the townspeople do not appreciate them. Perhaps more of the public should attend the meetings to see what the Council has to contend with.

He also thanked the Mayor for being a reasonable individual that is available to speak with. He wished everyone a happy new year.

Mr. Bradley made a motion to adjourn, seconded by Mr. Holmes.

VOTE: Gouveia & Parisi were absent; all others, aye; motion duly carried.

There being no further business, the meeting adjourned at 8:22 P.M.

Meeting recorded and transcribed by:

Kathryn F. Milano

Kathryn F. Milano, Town Council Secretary

Approved by:

Albert E. Killen, Chairman

Date

Kathryn J. Wall, Town Clerk

Date

Appendix I

"Aa" Rated Municipalities
Fiscal Year Ended June 30, 1990

<u>Municipalities</u>	<u>Total</u> <u>General Fund</u> <u>Revenues and</u> <u>Transfers In</u>	<u>Total</u> <u>General Fund</u> <u>Expend. and</u> <u>Transfers Out</u>	<u>Operating</u> <u>Results</u>	<u>Unreserved,</u> <u>Undesignated</u> <u>Fund Bal.</u>	<u>Percent</u>
Bloomfield	\$ 37,549,191	\$ 36,837,489	\$ 711,702	\$2,280,253	6.19
Danbury	102,371,456	103,025,261	(653,805)	4,780,473	4.64
East Hartford	79,887,047	79,504,114	382,933	523,564	0.66
Hartford	367,994,161	377,970,372	(9,976,211)	2,285,992	0.60
Litchfield	14,592,094	14,886,992	(294,898)	659,673	4.43
Lyme	2,564,543	2,655,415	(90,872)	330,615	12.45
Madison	26,561,247	27,775,749	(1,214,502)	1,116,651	4.02
Manchester	75,557,182	73,619,663	1,937,519	1,730,566	2.35
Middletown	55,126,790	56,581,269	(1,454,479)	340,931	0.60
Milford	84,399,476	84,184,551	214,925	2,944,767	3.50
Montville	21,442,628	21,253,927	188,701	1,834,959	
New Milford	36,024,044	36,372,443	(348,399)	1,426,052	
North Haven	43,406,377	43,606,110	(199,733)	1,952,187	4.48
Norwich	56,182,074	53,796,425	2,385,649	1,359,196	2.53
Old Lyme	10,738,408	10,461,676	276,732	661,004	6.32
Orange	25,282,685	25,828,832	(546,147)	450,424	1.74
Roxbury	3,256,914	3,143,644	113,270	188,178	5.99
Stonington	24,275,567	24,891,137	(615,570)	1,404,472	5.64
Suffield	18,152,939	18,334,440	(181,501)	1,076,204	5.87
Trumbull	60,459,069	58,719,476	1,739,593	1,652,900	2.81
Windsor	45,708,925	46,172,772	(463,847)	657,293	1.42
Windsor Locks	19,052,032	19,764,088	(712,056)	909,519	4.60
Woodbury	11,046,095	10,832,158	213,937	1,244,281	11.49
Wallingford	65,047,796	63,725,998	1,321,798	3,186,300	5.00
			(for revaluation)	2,049,946	3.22
				5,236,246	8.22

Source: Comprehensive Annual Financial Report - Combined Balance Sheet - Combined Statement of Revenues, Expenditures and Changes in Fund Balance

1. Percent unreserved, undesignated is of expenditures and transfers out
2. Caution should be used when making comparisons. The ratio differs among municipalities for a variety of reasons: (a) the unreserved undesignated balance may include an amount to be designated for future years expenditures (most often used to reduce the impact of significant budget increases on taxpayers); (b) levels could be controlled by local charter requirements; (c) the municipality may maintain a portion of its undesignated balance in another fund; (d) the level of unreserved, undesignated fund balances maintained by each municipality is a management decision; (e) the municipal credit rating is a multifaceted analysis which takes into account financial statements and management, debt management, economic, socio-economic and demographic factors.