

COMMENTS ON 2008-9 BUDGET
Board of Aldermen
March 18, 2008

Some Notes and Questions on the 2008-9 Budget

1. Overtime.Look at all overtime entries . Education overtime went from \$1.975 in 2007-8 to zero or is inserted elsewhere (p81). Overtime in Police (p56) and Fire (p202) is projected to decline 25% and 14% respectively. There may be other such reduced projections. Is there any basis for these reductions and are there any action plans that make this a likely outcome?
2. Police Services.Contract reserve of \$900,000 (p64). This is in addition to the existing contractual payments and signals to all that the City is prepared to increase wages by 5.3% in the next round of contract negotiations (Personnel costs in Police Services are \$33.767 million so \$900K over the new contract months in 2009 represents 5.3%. In the interest of transparency this item should be included in Dept 201 (Police Services)
3. Retiree Health Care funding is projected to go down from \$125,000 to \$50,000 in the face of a departmental request for \$500,000 (p28). The following information from the Hooker and Holcombe July 1,2007 summary below, makes this action seem lacking in fiscal responsibility. If the budget provided even the minimum necessary to pay expected benefits -- \$15.5 million – this would require an additional 3.1 mils on the projected 42.21 (page 32). If this benefit is fully funded at \$42.1 million then a mil rate increase of 7.9 mils would be required.

Total Accrued Liability	\$430,522,000
Annual Required Contribution	\$42,126,000
Expected Benefit Payments	\$16,506,000

What is the City’s negotiating position regarding this benefit? How was this benefit contracted for without this actuarial assessment from Hooker and Holcombe? Has the Finance Department estimated the increased borrowing costs that the disclosure of this liability will imply for our debt service and has any provision been made to cover this possibility? Our current bond ratings are A-,A3 and A- from Fitch, Moody’s and S&P. **This GASB 45 retiree health care liability has managed to appear from nowhere and become 65% of Total City debt of \$677 million (p188).**

4. Sale of City Assets.During 2007-8 the City recorded \$12.5 million from the sale of City assets for Economic Development (\$6.5 million) and the sale of the transfer station (\$6 million). Are there other City assets being considered for sale or transfer, the proceeds of which will be used to augment the revenue side of the 2008-9 budget? In the case of the transfer station, the transfer of which netted the City \$6 million, does the new Authority have it’s own borrowing powers? If so, this transaction will merely allow the City to book the \$6 million revenue, while allowing the new Authority to accumulate debt that the City is ultimately responsible for but which will not show on the City’s books?? **A form of off-balance sheet accounting that led to the demise of Enron?**
5. Tweed New Haven. In addition to the \$800,000 subsidy the City Capital Plan calls for \$627,000 in capital funds with additional \$425,000 from the State and \$10,763,000 from the Feds (p173). Capital funds for Tweed now consume \$12 million out of \$35 million of the Capital Plan (34%) for 2009 and 19% for the five year period 2009-2013. (p174) **Can we stop feeding this subsidy guzzler that is used almost exclusively for private aviation?** With 60% of Tweed’s revenues coming from subsidies, it can hardly be considered a viable airport for general aviation.

6. Pension benefits. Pensions payments are up by \$2,431,079 to \$31,194,929. **When will more money be set aside to reduce our net present deficit in the two pension funds? (Around \$300 million as of 2005.**
7. Capital Project budget (p164). If 80% of the Fire Services activities are for emergency medical responses, perhaps the City should redirect it's capital spending towards a fleet of ambulances and get into the business of ferrying people to the emergency room **and get reimbursed from insurance companies?**
8. PILOT funds for Colleges and Hospitals are projected to increase by \$9 million (24%) from 2007-8. What is the basis for this expectation?
9. Revenue from Building Inspections are projected to remain flat at \$8.2 million. Does this factor in a slower economy? Yale's construction plans? What is this number based on?
10. Education. Several "systemwide" positions in the Education Department are not fully described or have obscure monikers. Are these real positions or place holders for anticipated overspending elsewhere? These positions total \$505,746 in 2008-9 versus \$2 million in 2007-8
 - Position 9622 "systemwide" \$180,000 (PDF p.144, Hardcopy p. 130)
 - Position 9621 "systemwide" \$40,000 (PDF p.155, Hardcopy p.141)
 - Position 9640 "systemwide" \$112,000 (PDF p.158, Hardcopy p.144)
 - Position 5999 "systemwide" \$130,000 (PDF p.169, Hardcopy p.155)
 - Position 7599 "systemwide" \$43,746 (PDF p.335, Hardcopy p.311)

Throughout Education, positions are specifically designated – Kindergarten, Grade 4, Science, Math, etc. However, there are about 20 positions titled simply "Teacher" starting on pages 136 & again on 294.

- p. 152 Position # 5062 is listed twice for two assistant custodians @ \$39,735
- p. 130 Position 9620 reimb funds \$250,000 . Please explain.
- p. 152 3 Positions with the same position number 0000 for a total of \$ 204,722

What do the following Special Assignment Principals do? Total \$678,633

- p. 131 Position # 0081 Prin. Special Assignment \$114,715
- p. 132 Position # 0091 Prin. Special Assignment \$107,297
- p. 133 Position # 0106 Prin. Special Assignment \$107,297
- p. 139 Position # 0112 Special Assignment \$116,476
- p. 151 Position # 0103 Prin. Special Assignment \$114,715
- p. 151 Position # 0181 Prin. Special Assignment \$118,133

Emergency Demolition Fund (p.203) goes from \$2,198,190 to zero in the Mayor's budget

Three intern positions cost \$223,927 What do they do and where?

- p. 138 Position # 2825 Administrative Intern \$69,173
- p. 156 Position # 2407 Administrative Intern \$77,752
- p. 160 Position # 2202 Administrative Intern \$77,002

Explain the two positions labeled "Indirect Costs" on p 295. Admin Asst 2 @ \$35,978 and a Fiscal Accts Specialist for \$44,630

Some positions have position numbers but no title.

- P 300 \$43,101 for position 0167
- P 300 \$27624 for position 3901
- p. 302 \$57,074 for position 3404

Sick Leave. p. 28 shows a decrease of \$100,000 in sick leave budgeting. Apropos similar declines in overtime, are these realistic or plugged to fit a budget target?

11. Asset Sales p 17. During 2007-8 the City anticipated \$12.5 million from the sale of City assets for Economic Development (\$6.5 million) and the sale of the transfer station (\$6 million). What is the contingency plan if this does not happen in time? Are there other City assets being considered for sale or transfer, the proceeds of which will be used to augment the revenue side of the 2008-9 budget? Why does the budget include money for position 1600 Transfer Station Operator on page 120?

In the case of the transfer station, which netted the City \$6 million during 2007-8, what was the reason for this piece of financial engineering? The City sells this asset to another entity controlled by the City, uses the proceeds to augment the 2007-8 budget which then has to raise funds by borrowing. The rationale for this exercise was that this will provide dedicated management and better focus. But the financial engineering provides the City with a windfall of \$ 6 million and allows the City to get further into debt. A form of off-balance sheet accounting. WE know what happened to Enron with this type of off-balance sheet accounting.

12. State Aid. On page 15, in 2006-7 we received \$201M in state aid, and in 2007-8 we anticipated \$217M in state aid but only got \$207. Now we are budgeting for \$222M in state aid. What is the basis of such a positive outlook when the mayor's budget presentation this year at the Main library on 2/28/08 called attention to all kinds of cuts in State aid to everything from the Education Cost Sharing (ECS) formula, Magnet School Funding, Pequot Funds, and more. In fact, the Mayor reported cuts in the ECS formula funding of \$7.9 M (see page 8 in his power point presentation) but the budget document on page 16 shows a \$6 M increase in funding.

13. On page 9 of the Mayor's presentation, he shows a dramatic trend of decreased PILOT funding for Colleges & Hospitals but the budget document on page 16 shows a \$9.3 M increase. Is funding increasing or decreasing and what is the basis for the budget projections?

Perhaps we should stop having to make such guesses as to State funding and change our budget year to match or come a bit after the State budget cycle so that these numbers, which are significant to the City, can be factored into the budget process.

14. Public Health What are the new positions being funded out of the general fund for Public Health. See bottom of page 112.

15. Municipal ID program. p237 Is the funding for this program coming from CDBG funds? If so, are there other programs that will have funding cuts to accommodate this? There is a recent news story reporting \$140,000 already cut from CDBG.