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Tax Phase-In Freeze Pitched

BY **Thomas MacMillan** | MAY 13, 2010 8:03 AM

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THOMAS MACMILLAN PHOTO

Two weeks after hundreds of New Haveners stormed City Hall to decry a planned tax hike, Budget Director Larry Rusconi proposed a familiar idea: delay a property revaluation phase-in that would shift taxes from businesses to homeowners.

Rusconi unveiled that plan at Wednesday night's meeting of the Board of Aldermen's Finance Committee. It was the latest in a series of committee meetings in which aldermen consider the mayor's proposed \$476 million budget, which has proved to be a controversial document.

The budget includes a proposed property tax phase-in that will raise residential taxes by an average of 8.8 percent. That doesn't sit well with many taxpayers. Hundreds of them [showed up two weeks ago to protest the proposed tax hike](#).

Under the new phase-in delay plan put forward by Rusconi on Wednesday night, the average tax increase for homeowners would be 6.97 percent instead of 8.8 percent. It's a total of \$3.5 million in savings for residential taxpayers, Rusconi said.

The plan is similar to [last year's freeze of the property revaluation phase-in](#). However, the mill rate would have to increase this year to 45.15 to produce the same amount of revenue the budget calls for. Under the proposed new plan, the city as a whole would pay the same amount of taxes, but homeowners would pay a smaller portion than they would under the mayor's current proposed budget. The burden would shift to businesses.

City attorneys are working on a resolution that would make the new tax plan a reality. Once the resolution is

drawn up, it will need the approval of the Board of Aldermen. At least one aldermen, East Rock's Roland Lemar, called it "a great idea."

But for the budget watchdogs of the New Haven Citizens Action Network, the phase-in freeze is simply "gimmickry." That was the description of NHCAN's Harry David (with hand raised in top photo), who lingered after the meeting to speak with Yusuf Shah, chair of the Finance Committee (at right in photo).

David said the city budget department is wasting its time on "engineering" the budget, instead of overhauling it. The new tax plan doesn't change the tax picture in New Haven; it just moves the burden from one group to another, David said.

David encouraged Shah to send the budget back to the mayor to be completely reworked, not simply try to trim it around the edges.

"I see your point," said Shah. He said he had to go, to catch his ride home.

After Shah left, David continued. The new tax plan is "playing games with numbers," with [the parking meter deal](#), for instance, he said. The mayor can shift the taxes to businesses because "they don't squawk as loud" as homeowners, he said.

Later, Lemar agreed with one of David's points. "It's not fundamental tax reform," he said. But delaying the phase-in another year will allow time for another revaluation, in 2011. That revaluation will be more accurate than moving forward using property values that were last calculated in 2006 and are therefore "artificially" high, Lemar said.

Brevity

Wednesday's Finance Committee clocked in at around 45 minutes, a short session compared with recent meetings, which have stretched several hours. According to two aldermen, the brevity was due to the fact that budget deliberations are ongoing outside of the committee. Numbers are being crunched and possibilities considered in advance of next Tuesday's Finance Committee meeting, when cost cutting ideas will be unveiled.

The working groups formed last week are coming up with cuts, said Hill Alderman Jorge Perez. Rusconi is still looking at options in the parking meter monetization plan. More firm data is needed before the committee can discuss cuts in detail, Perez said.

Members of the working groups have been putting in "countless hours" over the last week and a half, talking with city staff about budget options, Lemar said. The analysis has been line by line, as aldermen look at "doing stuff that's going to hurt," Lemar said. Lawmakers are looking at possible cuts to "everything that's not core to the budget," he said.

Lemar said he has already identified one part of the budget that he can't support: the parking meter monetization plan. It's not "long term responsible budgeting," he said. Lemar acknowledged that vetoing the parking meter plan might result in cuts in city services.

Backdrop

Like [the previous week's session](#), Wednesday's Finance Committee meeting was preceded by maneuvering on both sides of the budget battle. Mayor John DeStefano called municipal union leaders in for a City Hall meeting Monday, hoping to gain their support for holding the line on the budget. But [at least one union leader refused to lobby her members against budget critics on the board or the citizen-watchdog](#) New Haven Citizen's Action Network. NHCAN sent out a letter to all city employees, urging them to resist the mayor's overtures.





With that backdrop to Wednesday's meeting, live-blogging commences below. (Note: only text inside quotation marks is directly quoted; the rest is paraphrasing. Observations and comments are generally in brackets.)

6:59 p.m. Aldermen are taking their seats.

7:02: Chairman Yusuf Shah calls the meeting to order. He's reading the [agenda](#). Shah is joined by Aldermen Maureen O'Sullivan-Best, Jorge Perez, Migdalia Castro, Bitsie Clark, Carl Goldfield, Stephanie Bauer, Justin Elicker, Greg Morehead, and Andrea-Jackson Brooks. There are about a dozen observers here in the aldermanic chamber, including a few aldermen who are not on the committee.

7:05: Shah says all of the agenda items are "being skipped over" for now. [Shah's cellphone just went off and was confiscated by aldermanic staff.] He says he'd like instead to talk about the "sub-meetings that we've had." He's referring to the working groups that were put together before the mayor's appearance at the last meeting. The mayor proposed six areas to look at in the budget, and six corresponding working groups were formed. They've been meeting over the last week to find ways to trim the budget.

7:09: Budget Director Larry Rusconi steps forward. He says: The working group meetings have been going well. Some suggestions are being "costed out." Project delays in the capital budget are being considered. On the non-tax revenue side there are a couple of ideas that "may improve the picture somewhat." One is a reconsideration of the PILOT (Payments in Lieu of Taxes) agreement with the New Haven Water Pollution Control Authority (WPCA). That won't help this year, but it might help next year's budget. The second is the PILOT agreement with the Ninth Square. The sum of both is significant. Obviously non-tax revenue increases will relieve pressure on the taxpayer. "There's certainly potential to be in a position to do that." Not today but maybe in a few days.

7:13: Bitsie Clark asks for clarification about the Ninth Square business.

Budget staffer Rebecca Bombero says the Ninth Square development project from the 1990s had a tax abatement period when it was subject to PILOT, not direct taxes. [After the meeting, Bombero and Rusconi clarified this point. There was a miscalculation between the budget office and tax assessor's office that found \$400,000 or \$500,000 in PILOT funds that the city had not accounted for in next year's budget, because of confusion about when the Ninth Square development project's tax abatement period ran out. There is a similar recalculation going on with regard to the WPCA, but Rusconi said he didn't know for sure how much that would save.]

Roland Lemar has joined the committee.

Rusconi: We're looking at the phase-in of the last property tax revaluation. Last year, that phase-in was frozen. A new idea: staying at year two of the phase-in instead of going to year three, as was planned. That would reduce the burden on residential taxpayers.

Bombero takes over to guide aldermen through a handout: Going to phase two would "mitigate the shift towards the residential taxpayer." [The phase-in as previously planned would result in a shift of the tax burden from businesses to homeowners.] For a home of \$100,000 value in '05 that went to a \$200,000 value after the phase-in, the savings for going back to year two would be \$273, over what it would be if the phase-in went right to year three. [In other words, there would still be a tax increase, but a smaller one.]

7:20: Rusconi, answering a question from Goldfield: A new property revaluation is coming up this year. The year two phase-in rate might be closer to what current home values are now, since we're past the housing bubble.

7:23: Elicker: Is this legal?

Bombero: Yes. ... A revaluation is required every 5 years. In 2011 it will be a visual inspection, which costs the city more than a statistical calculation. It'll cost the city \$1.5 million.

Goldfield: "They actually come out to your house. ... That's why it's so expensive."

7:25: Goldfield: You want to talk about monetization [[the parking meter deal](#)]?

Rusconi: Attorneys are still in negotiations over the contract. [Aldermen asked the city last week to renegotiate some aspects of the deal and look at alternatives.]

7:26: Perez: What about an alternative model for raising that money?

Rusconi: We looked at issuing pension obligation bonds, but it doesn't look good. The main reason: it requires state approval. Plus, they can only be used to cover the unfunded pension liability. Also, experiences in neighboring towns shows that there's greater susceptibility to "market risk" when bonding. The 7.65 percent interest rate in the meter deal gets locked in; it could rise under other borrowing options.

Bombero: We're talking to the traffic and parking department to see if the installation of parking pay kiosks could be sped up, and if garage fees could be raised. It's not going to get us the \$6 million the parking meter deal would.

Perez: There were other options mentioned last week: more parking enforcement, raising parking fees...

Rusconi: "We are looking at what else might be possible" in terms of raising rates.

7:31: Roland Lemar asks a question about city money spent on eviction processes.

Bombero: We're still required to do storage. We're still looking at it.

Elicker: What about the Board of Ed budget?

Rusconi: They've identified some programs that they may be able to put off. I don't have anything specific.

Alderman Sergio Rodriguez, from the audience: What about a surcharge on private parking lots?

Rusconi: "We'd need enabling legislation from the state to allow us to do that."

7:34: Live updates are coming in from some of the observers here in the chamber. See the comments section, below.

7:35: Rusconi and Bombero have left the table. The committee is scheduling its next meeting: next Tuesday at 6 p.m. Amendments are due on Friday, Shah says.

Goldfield: The final details of the monetization plan should be in by Friday, or Monday at the latest. He says he'll ask the administration to make sure that happens.

Shah: The public has asked us to reconsider the budget. "It is a bit of a crunch [the timeframe]."

7:40: Castro: Can we have until Tuesday to submit amendments?

Shah: They should be in by Monday at noon, no later.

Budget amendments can always be proposed later, at the full board meeting.

7:43: Goldfield: Proposed cuts are not coming just from the administration, but from aldermen as well. ...
Scheduling: Goldfield says he's going to cancel the full Board of Aldermen meeting on Monday and move it to Thursday, after the next Finance Committee meeting, on Tuesday. That will allow for two full readings of the budget by the full board, one on May 20 and one on May 27.

7:46: Shah: since we are not going to deliberate, let's pass the special district agenda items.

Perez moves items eight through 15 on the agenda, comprising enterprise fund budgets and special services district items.

Clark explains that aldermen can vote for those items without discussion, because they have been heard before and they're not part of the budget.

The items pass unanimously.

7:48: Goldfiled moves for adjournment. Meeting adjourned.

Comments

posted by: **Jeffrey Kerekes** on May 12, 2010 7:28pm

17 of 30 alders here tonight. 25 of 30 alders turned in their financial disclosures. Will post them later.

posted by: **Doyens** on May 12, 2010 7:32pm

There are a total of 18 alders here - some in the audience, some at the table.

posted by: **Doyens** on May 12, 2010 7:46pm

Secret meetings between the alders and the Administration is concerning - nobody is indicating what they are thinking about in terms of cuts or changes to the budget. The one cut that has been made public is a \$1.5 mill cut in the schools - less than 1%.

posted by: **Doyens** on May 12, 2010 7:49pm

Shortest finance committee meeting ever.

posted by: **Charlie O'Keefe** on May 12, 2010 7:54pm

Please name the 12 or 13 alders that didnt make the effort to attend.

posted by: **Boristt** on May 12, 2010 8:47pm

Why don't they just get rid of AFB the company that runs the maintenance dept.? That is 1.5 right there and they can move 2 administrators over to run that dept! Look into who donates campaign money while your at it!!!!!!!!!!!!AFB MAYBE??

posted by: **Jeffrey Kerekes** on May 12, 2010 9:39pm

Charlie:

Just a point of note, this was a Finance Committee Meeting and all the alders were not required to attend. The 18 that did attend is significant in that that many came to a finance committee meeting which is highly unusual.

Here is who was there:

Present

Ward Name

4 Andrea Jackson-Brooks
 5 Jorge Perez
 7 Frances T. Clark
 9 Roland Lemar
 10 Justin Elicker
 11 Maureen O'Sullivan-Best
 14 Stephanie Bauer
 16 Migdalia Castro
 17 Alphonse Paolillo Jr.
 18 Arlene DePino
 20 Charles A. Blango
 22 Greg Morehead
 23 Yusuf I. Shah
 24 Marcus Paca
 25 Greg Dildine
 26 Sergio Rodriguez
 29 Carl Goldfield
 30 Darnell Goldson

Not Present

Ward Name

1 Michael Jones

- 2 Gina Calder
- 3 Jacqueline James-Evans
- 6 Dolores Colón
- 8 Michael Smart
- 12 Gerald M. Antunes
- 13 Alexander Rhodeen
- 15 Joseph Rodriguez
- 19 Alfreda Edwards
- 21 Katrina Jones
- 27 Tom Lehtonen
- 28 Claudette Robinson-Thorpe

posted by: robn on May 12, 2010 9:56pm

"...the average tax increase for homeowners would be 6.97 percent instead of 8.8 percent. It's a total of \$3.5 million in savings for residential taxpayers, Rusconi said."

An increase is not savings. This explicitly shows how far out of touch city hall is.

posted by: Charlie O'Keefe on May 12, 2010 10:00pm

Jeffrey Kerkes.

Thank you for the list. I realized this was a finance committee meeting but expected 100% BOA attendance. Its interesting so many opposing a tax increase were no shows. Politics as usual. Whatever looks good and to hell with the citizens. DeStefano has his tax hike.

posted by: rsmith on May 13, 2010 6:17am

Can't any of these Aldermen do basic math? Since when is a 6.97% increase a "savings"? Then, the mill rate has to be increased in order to bring in the same revenue the Mayor wants! Hello! Do the numbers folks, this is financial double talk. ... Nice going Roland—this is a "great idea"??? Man oh man, are we in for it!

posted by: Anon on May 13, 2010 8:22am

Jeffery - what's an aldermanic financial disclosure and to whom does it get turned into?

posted by: Jeffrey Kerekes on May 13, 2010 8:36am

The financial disclosures are supposed to be turned into the Office of Legislative Services (the office next to the BOA chambers). They are due a few months ago and five members of the BOA failed to turn them in. I haven't checked them in a while, and there are some repeat offenders on that list (based on my requests in past years). I think I will request to see if they ever turned in their disclosures. It appears there are no consequences for anyone who fails to turn in their form. The form is a statement of whether they derive any financial benefit from the City either directly, or via a spouse or family member. They are a little cumbersome to scan in and post but I have 25 of 30 and will post them. Perhaps we can encourage the 5 people to get them in before the budget vote. The missing forms are from the following:

Mike Jones
Gina Calder
Al Paolillo
Arlene DePino
Yusuf Shah

posted by: you've got to be joking on May 13, 2010 9:26am

How can anyone propose swapping re-val for mill rate as a solution to the mayor's out of control spending? 6.97% instead of 8.8% average increase? Give me a break! We ask for -10% - Johnny proposes +9% and the middle ground is +7%? I may not be a math whiz but something smells funny.

CONTROL SPENDING!!! Just because the administration has made years of bad fiscal decisions doesn't mean that we must continue blindly down the same path.

posted by: Where they really are at this point on May 13, 2010 9:59am

nothing was agreed to yet.... the first step was to freeze the phase-in, which brings the avg. tax hike down to 6.97%, now the alders will start proposing cuts to the budget, capital spending and Board of Education - look for those cuts to be around \$5m on the general fund/BOE side, and about \$20million on the capital side - this

would bring the tax increase down to about 4.5% or so. If the Alders accept the parking monetization plan, the tax increase would go down to about 2%, which seems pretty reasonable.

posted by: Doyens on May 13, 2010 10:36am

Doing the re-val shuffle does not solve a spending problem. There are no meaningful discussions, as was revealed after the meeting, of doing anything with regards to police, fire and only a trim to the education budget. Until these alders in particular and the full board as whole address the entire budget, the complete spending plan and root out the "want to(s)" from the "have to(s)" and quit prefacing any suggestion with "I can't" - this is an exercise in futility.

It's time for all the excuses to end. Cut spending. Limit borrowing and the revenue will take care of itself. It's time to hold the Finance Committee, the full BOA and the mayor's administration accountable. Our expectations have not changed.

posted by: steve on May 13, 2010 8:46pm

Beware!!

I think Roland Lemar is burning the candle from both ends. He wants to the support of the over taxed city residents and also the undying support, money and influence of the taxpayers public enemy # 1 Mayor Johnnie!

Mayor Johnnie has failed on all his previous tricks such as getting the BOE to arrange a rally which backfired and then asking the unions to turn against their struggling neighbors to support his budget. A word to the wise, don't become part of the falling facade!

This could backfire and cost a very good candidate for State Rep a lot of votes- East Rock is watching!