



OFFICE OF THE MAYOR

TOWN OF WALLINGFORD
CONNECTICUT

WILLIAM W. DICKINSON, JR.
MAYOR

May 29, 1990

Wallingford Town Council
Wallingford, CT 06492

Attention: Mr. Albert E. Killen, Chairman

Dear Council Members:

You, as Wallingford Town Council members, dedicated long hours and effort in your review of the Town's 1990-1991 budget. I agree with many of the changes that were made in the course of your review. However, without disrespect or disregard for the Town Council or its efforts, I must disagree with the direction taken on some of the larger policy issues. Those issues concern the increase of spending over the proposed budget total, and the financing of general government operational costs by taking money from the Electric Division.

Our budget deliberations occur in a context of an unfavorable economic climate, reduced financial aid from State and Federal government sources, and the imminent revaluation of property values in Wallingford. These constitute a powerful array of reasons to limit governmental spending.

In addition, we cannot expect to maintain a sound healthy financial condition if we fund operational costs by transferring revenue from the Electric Division. Basic governmental fiscal policy requires that a dependable, reliable revenue source underwrite the operational costs of government. Historically, the property tax is that revenue source at the local level. The Town of Wallingford has had repeated reminders of the error of relying too heavily on state or federal grant programs. We should not make the error of creating a similar dependence on revenues derived from utility rates. If we desire to spend more for government services, we should be willing to raise taxes to accomplish that purpose.

The following questions and answers provide some explanation for my concern regarding policy issues.

Has the Town Council increased the level of spending over that contained in the proposed budget? Yes -
an increase of \$729,577.

Has the mill rate been increased to meet the increased spending? No - The mill rate is reduced from 39.8 to 38.9 mills.

How is the increased need for money in the adopted budget satisfied? \$1,787,000 is taken from the Electric Division for general government operational costs.

Has the Electric Division indicated it does not need the \$1,787,000? No - The Electric Division has identified major capital replacement projects including a \$20,000,000 new electric generation project sited at the Pierce Plant and has indicated that the \$1,787,000 should be spent for those purposes.

Have any objections been raised against the Electric Division project indicating that it is unlikely to be implemented? No - The Mayor and Town Council have indicated approval of the project and design work is being completed at this time.

Is there any assurance that \$1,787,000 will be available annually from the Electric Division for support of general government spending? No - Currently the electric rates do not provide funds for such a purpose.

Is there concern that subsidizing spending for general government from a revenue source other than taxation represents a departure from the Town fiscal policy which has resulted in an upgrading of the Town's credit rating? Yes - The appropriation of money from the Electric Division for operational costs of general government represents the first time in the Town's history that we have taken such action. This new approach will ultimately have a negative impact on the Town's credit rating.

As a result of this analysis and the concerns set forth and pursuant to Chapter III, Section 7 of the Charter of the Town of Wallingford, I hereby disapprove the Budget Ordinance approved by the Town Council at its meeting on May 8, 1990. I would prefer to approve some of the changes made by the Town Council, but I am unable to use a line item veto and still balance the budget as required by state law.

May 29, 1990

As of this date, the State of Connecticut has appropriated an additional \$200,000 to \$300,000 for educational purposes in Wallingford, and we will recommend that such increases over budgeted amounts be a-propriated to the Board of Education.

Thank you for your understanding.

Sincerely,

William W. Dickinson, Jr.
William W. Dickinson, Jr.
Mayor

WWD/rk

*Received
5/29/90 @ 4:15 PM
Kathy Jewell*