

George Ferguson, Chair
Anthony Filiato, Vice Chair
Dan Amaral
Mary Ann Jacob
Ryan Knapp
Paul Lundquist



TOWN OF NEWTOWN

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Legislative Council Finance and Administration Committee

The Legislative Council Finance and Administration Committee held a special meeting at the Newtown Municipal Center, 3 Primrose Street, Newtown, CT on August 17, 2016 at 6:30 p.m. as follows:

Minutes

Call To Order The meeting was called to order at 6:34 p.m. followed by the Pledge of Allegiance

Roll Call Anthony Filiato, Ryan Knapp, Mary Ann Jacob, George Ferguson and Town Treasurer and Director of Finance Robert Tait were present and Dan Amaral joined at 6:38 p.m. Paul Lundquist was not able to attend.

Voter Comment There was no voter comment.

Minutes: The Minutes of the Meeting of March 23, 2016 were approved on a unanimous vote following a Motion from Anthony Filiato and Second from Ryan Knapp

Communications

New Business

Discussion and Possible Action:

- A. A Discussion of the Town of Newtown Debt Policy was initiated based on the following charge from the Legislative Council:**

“MR. KNAPP MOTIONED TO HAVE THE FINANCE COMMITTEE OF THE COUNCIL LOOK INTO AN APPROPRIATE METRIC FOR DEBT PER CAPITA THAT WE CAN MEASURE AND BENCHMARK AGAINST OTHER COMMUNITIES IN OUR AREA. SECOND BY MR. LUNDQUIST. MR. FERGUSON MOTIONED A FRIENDLY AMENDMENT TO ALLOW THE FINANCE AND ADMINISTRATION COMMITTEE TO REVIEW THE ENTIRE POLICY AND TO BRING ANY RECOMMENDATIONS IT WARRANTS BACK TO THIS BODY FOR CONSIDERATION. SECOND BY MR. CARROLL. AMENDMENT APPROVED. MAIN MOTION APPROVED”

George Ferguson opened the meeting and read the above charge. He said he had completed some research and would share links to this information with the Committee as part of these minutes. (Attachment C.)

Bob Tait was asked to share his thoughts and offered that he thought that we should keep the Debt Policy as simple as possible. He also suggested that something like a metric of 5% of the budget for debt would be the easiest.

Mary Ann Jacob said that she thought that we were all sensitive to the needs to be conservative in our approach to debt and that she thought our charge was to focus on debt per capita.

George Ferguson indicated that he had found a resource at the Connecticut Data Portal (<http://data.ctdata.org>) and produced a number of charts showing various debt metrics that compared Newtown with surrounding communities, including debt per capita, and these were copied and distributed. (Attachment A.) He encourages members to explore this tool adding and subtracting communities and metrics as they feel appropriate.

Ryan Knapp offered that he had conducted some research on Newtown's Debt Policy and distributed a document (Attachment B). He also noted that Newtown had dropped 20 places in terms of its wealth ranking in the recent past.

George also noted that Bob Tait had prepared a 20-year analysis of debt for the Board of Finance (previous Board) in 2015. (A link is part of Attachment C). The Board of Finance had taken up the matter of looking at our Debt Cap upon the Charge of the Legislative Council (previous). George noted that as part of the Board of Finances deliberations they decided that the 10% cap should remain in place to give the Town flexibility and that reducing the debt burden through the CIP and Annual Budget Processes be the ongoing responsibilities of the various Boards. The Board of Finance did adopt an additional metric for debt per capital at the recommendation of Bob Tait. The recommendation included a reference to other communities focusing on those that had similar bond valuation rating to Newtown.

Bob Tait volunteered to do some research on the Debt Policies and borrowing thresholds of some of the other Communities by contacting CCM and or by looking on line or via contacts. George Ferguson mentioned Simsbury as a highly rated Town with a Cap of 7%.

It was noted by George Ferguson that the Legislative Council had reduced the Debt Cap from 10% to 9.8% earlier this year. Another member noted that this was largely a ceremonial change.

A. Future Meeting Dates The Committee will next meet on 8/31 at 6:30 pm

Old Business None

Voter Comment None

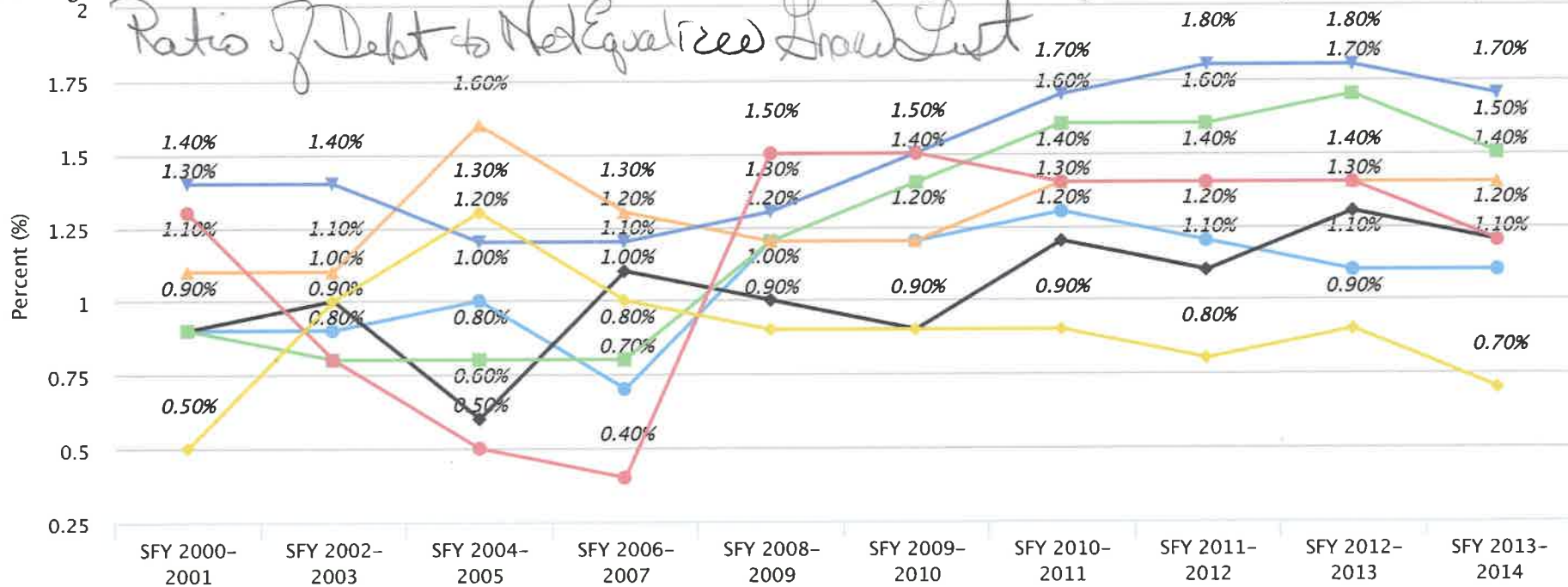
Announcements None

Adjournment Adjourned at 6:30 p.m. on motion from Anthony Filiato and Second from Dan Amaral

Minutes prepared with the Assistance of Anthony Filiato by

George Ferguson
Chair

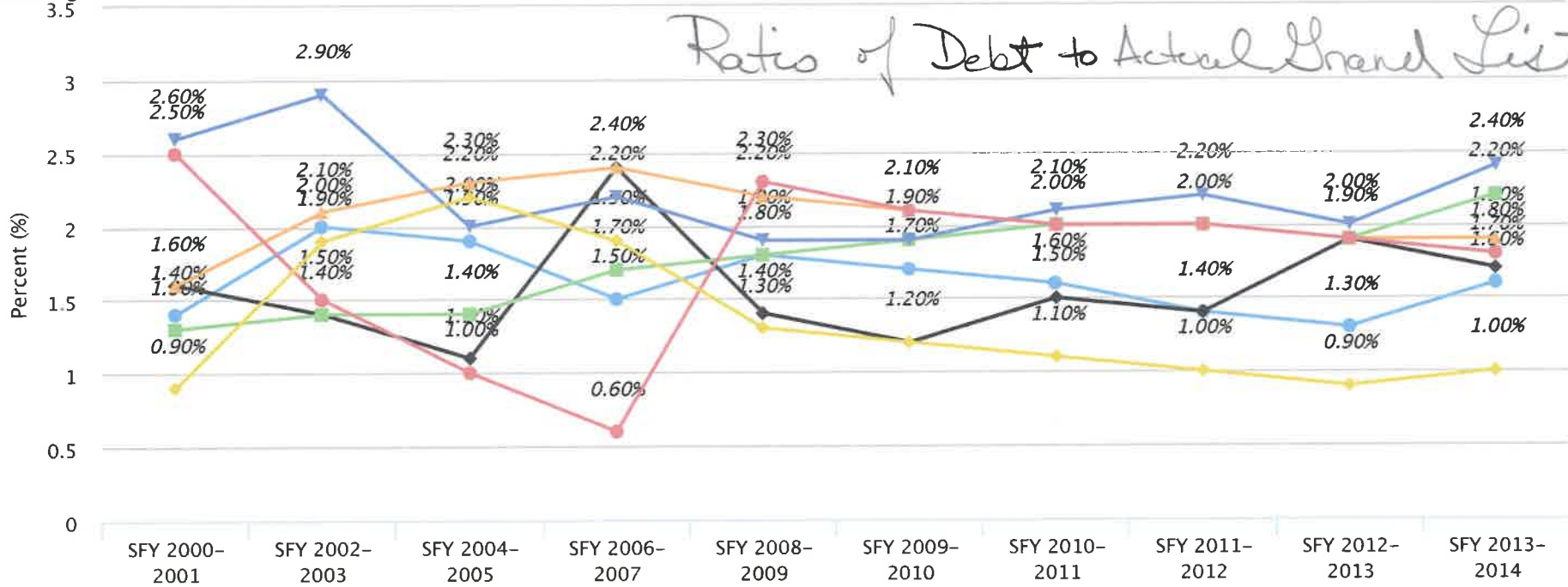
Ratio of Debt to Net Equalized Grand List



● Bethel
 ◆ Brookfield
 ■ Danbury
 ▲ Monroe
 ▼ Newtown
 ● Oxford
 ▲ Southbury

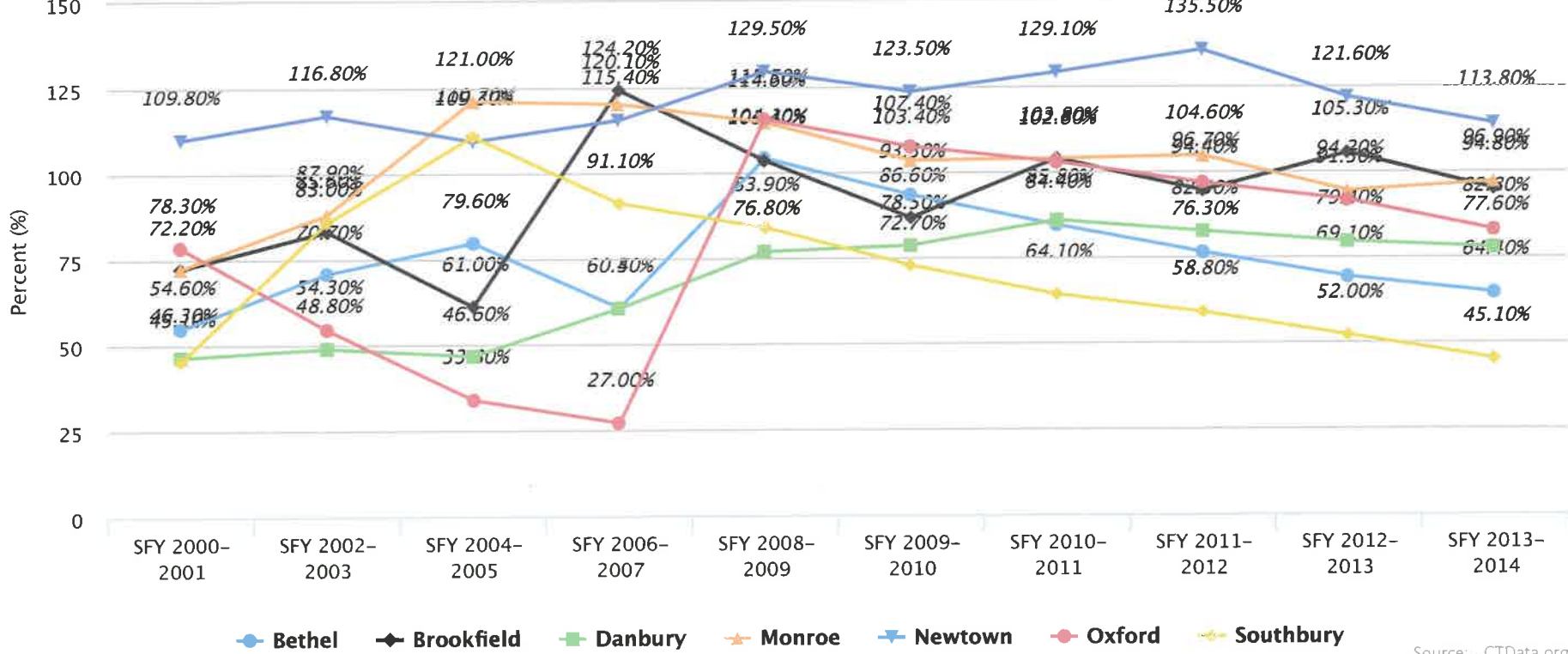
Source: . CTData.org

Ratio of Debt to Actual Grand List



● Bethel
 ◆ Brookfield
 ■ Danbury
 ▲ Monroe
 ▼ Newtown
 ● Oxford
 ◆ Southbury

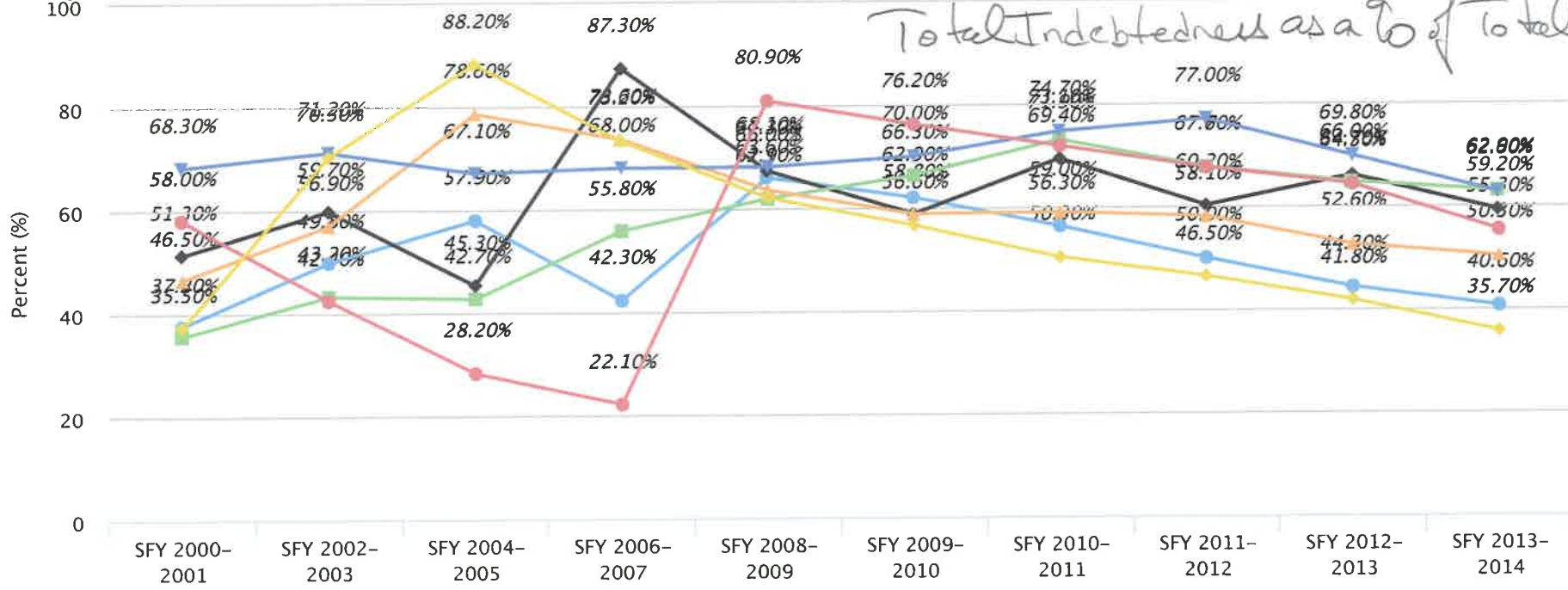
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Source: CTData.org

Debt Per Capita vs a % of State Average

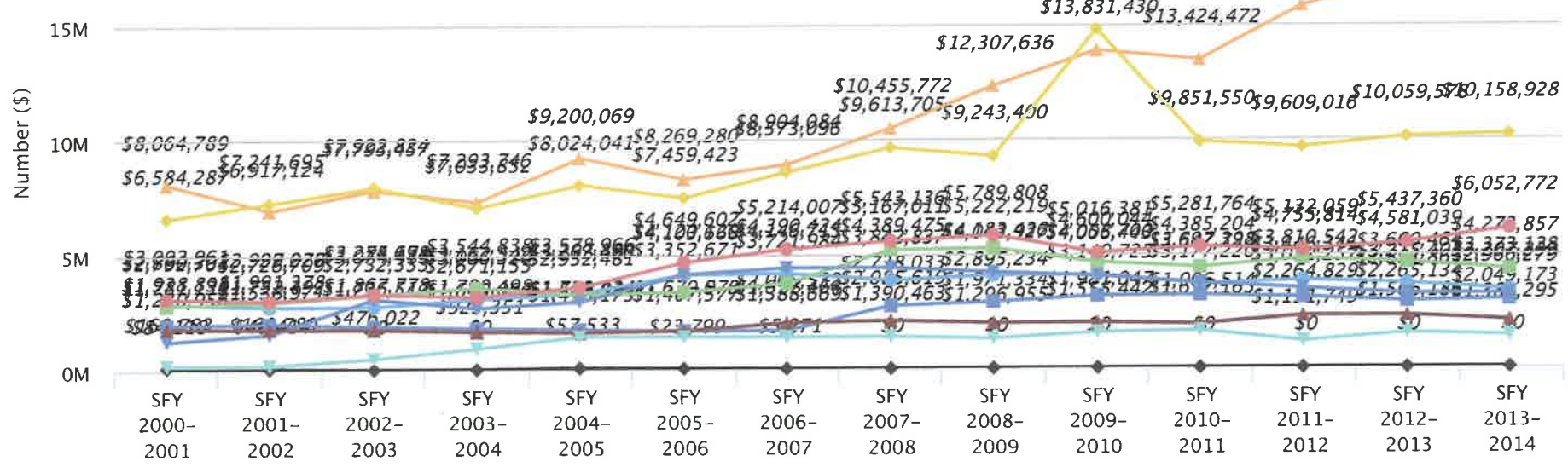
Total Indebtedness as a % of Total Expenditures



● Bethel
 ◆ Brookfield
 ■ Danbury
 ▲ Monroe
 ▼ Newtown
 ● Oxford
 ◆ Southbury

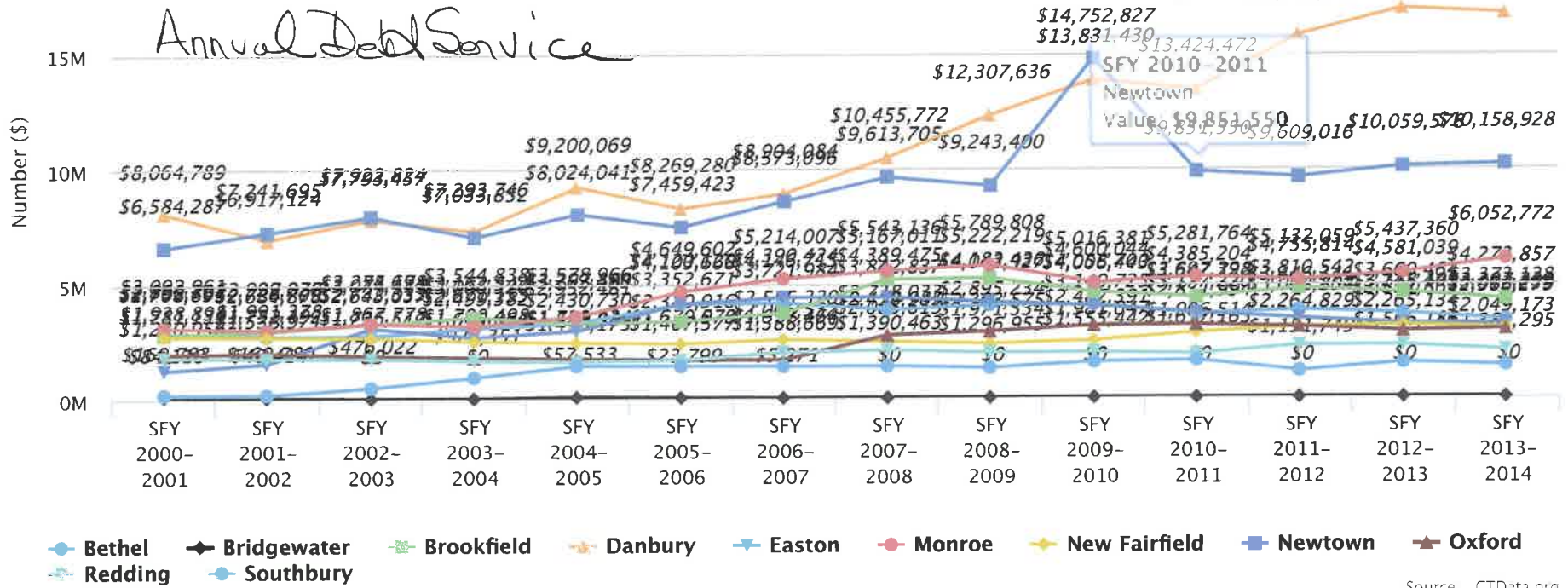
Source: CTData.org

Debt Service

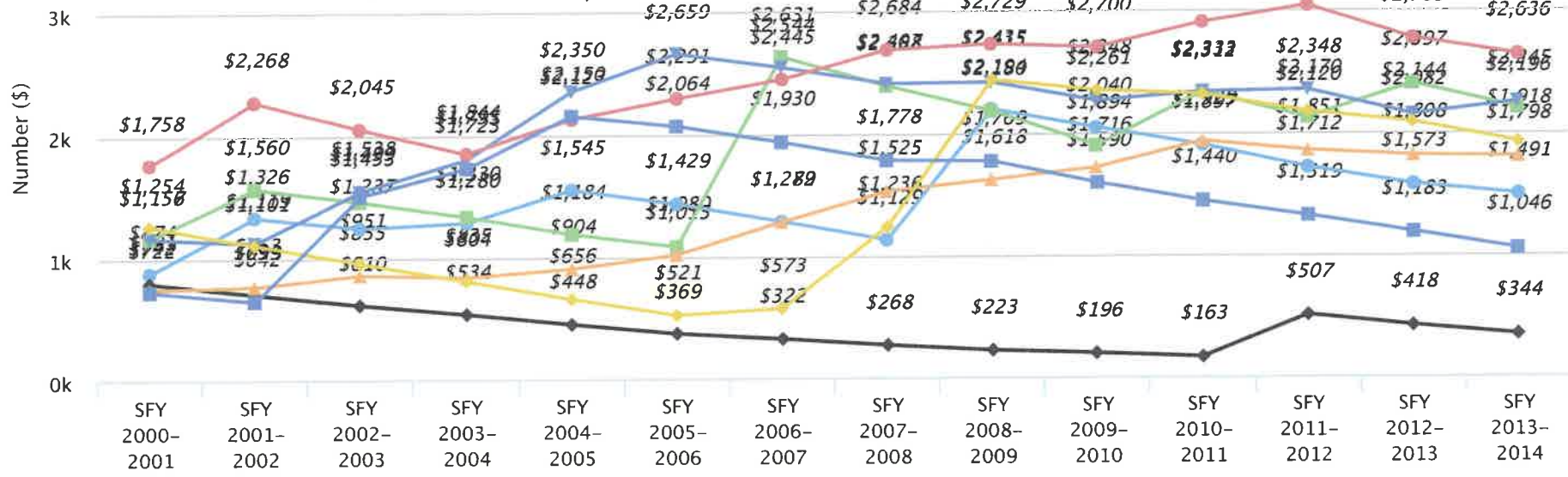


- Bethel
- Bridgewater
- Brookfield
- Danbury
- Easton
- Monroe
- Newtown
- Oxford
- Redding
- Southbury

Source: CTData.org



Debt per Capita



- Bethel
- Bridgewater
- Brookfield
- Danbury
- Monroe
- Newtown
- Oxford
- Southbury

Source: CTData.org

~~Debt~~

Admin and Finance – Purchasing Policy

V. DEBT POLICIES, RATIOS AND MEASUREMENT

C. Direct Debt Per Capita – The Town shall adhere to a debt management strategy that achieves the goal of maintaining Direct Debt Per Capita at or below the median recommended by Moody’s. The Direct Debt Per Capita shall be calculated by dividing the Town’s direct debt by the most current population figure.

E. Debt Service Levels – The Town shall adhere to a debt management strategy that achieves the goal of limiting annual general fund debt service to no more than 10% of the total General Fund budget.”

9.8% of spending cap – enforced... Debt per capita – only viewed as a guideline?

Per Bob Tait, the rating agencies care to see that we are in compliance with our own policy

- Debt per capita in Newtown is above average and above what S&P considers high
 - o Newtown has a per capita debt of \$2,769, which is considered high by S&P. For comparison, the CT average is \$2,276 per capita.
 - o Research Moody’s numbers on debt per capita?
- Ratio of Debt to Net Grand List of 2.0%, while the average AAA community has a Debt to Net Grand List of 1.6%.
- Newtown’s Wealth per Capita which is population to Equalized Net Grand List has fallen from 30th to 47th over the last 10 years.

Other AAA rated communities have higher debt per capita, but they also have higher per capita income and wealth per capita, meaning rating agencies feel they can afford the higher credit limit.

Moody’s AAA	Ration of Debt to Net Grand List	Debt Per Capita	Per Capita Income	Median Household Income
Darien	1.0%	\$4,193	\$94,820	205,688
Easton	2.6%	\$4,413	64,002	150,000
Fairfield	2.0%	\$3,501	58,576	117,705
New Canaan	1.4%	5,802	97,498	161,848
Ridgefield	1.6%	3,603	77,027	147,993
Weston	2.0	5,041	90,552	207,262
Westport	1.4	4,931	91,226	160,106
Wilton	1.2	3,289	77,526	167,094
Newtown	2.0	2,769	48,433	109,159
Woodbridge	2.0	2,745	63,756	138,082

From page 46 in Bob Tait’s Debt Report

Per CT Economic Data

In 2000 Newtown was 14th in Median Household Income

In 2010-2014 Newtown was 34th in the same statistic

<http://www.ct.gov/economicdevelopment/cwp/view.asp?a=1106&q=250652>

Newtown's fiscal ranking trends in the context of a state that has not recovered since 2008.

Are there other metrics we should be looking at beyond % of budgetary spending?

What are other communities doing? Specifically interested in AAA communities. (CCM?)

Attachment C: Legislative Council Finance and Administration Committee

Town of Newtown Debt Management Policy as approved by Board of Finance in August 27, 2015

http://www.newtown-ct.gov/public_documents/NewtownCT_BComm/Newtown%20Debt%20Policy.pdf

Minutes of the Legislative Council from January 20, 2016 which includes revising the Debt Management Policy from 10% to 9.8%.

http://www.newtown-ct.gov/Public_Documents/NewtownCT_LegCouncilMin/I053DE013.0/LC%20Motions%201-20-16.pdf

Newtown Bee Article on Board of Finances August 27 discussion and action on the Town's Debt Management Policy:

<http://newtownbee.com/finance-officials-add-new-vetting-criteria-to-towns-debt-policy/>

Link to State of Connecticut Municipal Benchmarking Site:

<https://ucoa.ct.gov/benchmarking/#/bypopulation/2014/2>

Link to the Connecticut Data Portal for Comparative Analysis of Newtown to local communities in our geographic sphere:

[http://data.ctdata.org/visualization/municipal-debt?v=line&f={%22Town%22:%20\[%22Southbury%22,%20%22Oxford%22,%20%22Newtown%22,%20%22Monroe%22,%20%22Danbury%22,%20%22Brookfield%22,%20%22Bethel%22\],%20%22Variable%22:%20%22Debt%20Service%22,%20%22Measure%20Type%22:%20%22Number%22,%20%22Year%22:%20\[%22SFY%202000-2001%22,%20%22SFY%202002-2003%22,%20%22SFY%202004-2005%22,%20%22SFY%202006-2007%22,%20%22SFY%202008-2009%22,%20%22SFY%202009-2010%22,%20%22SFY%202010-2011%22,%20%22SFY%202011-2012%22,%20%22SFY%202012-2013%22,%20%22SFY%202013-2014%22\]}](http://data.ctdata.org/visualization/municipal-debt?v=line&f={%22Town%22:%20[%22Southbury%22,%20%22Oxford%22,%20%22Newtown%22,%20%22Monroe%22,%20%22Danbury%22,%20%22Brookfield%22,%20%22Bethel%22],%20%22Variable%22:%20%22Debt%20Service%22,%20%22Measure%20Type%22:%20%22Number%22,%20%22Year%22:%20[%22SFY%202000-2001%22,%20%22SFY%202002-2003%22,%20%22SFY%202004-2005%22,%20%22SFY%202006-2007%22,%20%22SFY%202008-2009%22,%20%22SFY%202009-2010%22,%20%22SFY%202010-2011%22,%20%22SFY%202011-2012%22,%20%22SFY%202012-2013%22,%20%22SFY%202013-2014%22]})

Municipal Fiscal Indicators from CT Governor's Office of Fiscal Analysis

http://www.ct.gov/opm/lib/opm/FI_2010-2014_Asof_4-19-16.pdf
http://www.ct.gov/opm/lib/opm/FI_2010-2014_Asof_4-19-16.pdf

Analysis prepared for Board of Finance Discussion of Debt Policy in 2015

http://www.newtown-ct.gov/public_documents/NewtownCT_Finance/DEBT%20REPORT%202015.pdf

Board of Finance Minutes for August 27, 2015

http://www.newtown-ct.gov/Public_Documents/NewtownCT_FinanceMin/2015%20Minutes/S0523CEE6.0/BOF%20Mins%208-27-15.pdf