

# Derby Sentinel

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Election Day – Tuesday, Nov. 5 – Vote Democratic

## Derby Credit Rating Downgraded by S&P Analysts

### Taxes Increased & City Assets Sold Off to Pay for GOP Administration's Errors

"Derby's budgetary performance is weak, in our opinion. The city had operating deficits of negative 4.6% in expenditures in the general fund and negative 4.3% across all governmental funds in 2018." This was in the S&P Global Ratings Report (August 2019) when they downgraded the city's credit rating, as a result of the financial mismanagement that occurred, where millions of dollars were improperly accounted for, along with other budgeting mistakes, leaving the city 3.5 million dollars in debt in June 2019, as reported in the Valley Independent Sentinel on September 24, 2019.

Derby's fiscal troubles go back a decade or more. But the Dziekan administration's lack of appropriate oversight and direction resulted in nothing being done to fix them. Because of their neglect the city's bank account was drained. In fact, the books were kept so badly that the independent auditor couldn't even generate a report.

The gross multi-million-dollar fiscal mismanagement by the current administration will cost all taxpayers for years to come.

The results have been catastrophic.

- A surprise last-minute 2.5 mill tax increase to cover budgetary deficits.
- The city's credit rating was downgraded, making future borrowing more expensive.
- Derby's reserve fund was plunged into a deficit of \$3.5 million, jeopardizing the city's future and creating potentially higher costs for future borrowing, such as bonds issued for the sewer modernization project, which may increase costs of annual bills from the W.P.C.A for homeowners' sewer use fees.
- Educational funding for Derby's children was flat-lined again with education receiving a zero dollar increase over the prior year's funding.
- The city has reduced payments to the city's pension fund,

which may exacerbate future financial demands on taxpayers.

The City Treasurer is on record saying the impact from the mismanagement "could have been much worse," costing tax payers as much as a 6 mil increase, leaving residents to wonder if there will be a need for another large property tax increase in their future.

The city's annual audit, conducted by MACW Certified Public Accountants, points out a number of deficiencies with regards to the city's accounting practices, which need to be corrected, but have been ignored by this administration.

"The city does not use double-entry accounting ... which would improve the city's ability to detect accounting errors."

"Bank reconciliations were not formally prepared during the year for general fund checking accounts."

"Lack of year end closing procedures..."

"The City and Board of Edu-

Dziekan Administration's Reponse to Financial Mismanagement



cation were not reconciled at the end of the year."

In order try to repair the damage caused by this financial mismanagement the administration has begun selling off various city assets. It's unfortunate that the sale of these assets must be used to make up for the deficit created by the financial mismanagement which has occurred.

These funds could have been better used to provide tax relief for the city's already overburdened taxpayers. It could have been used to properly fund the education of Derby's children and avoid the loss of positions in the school district, further negatively impacting the children's education.

## The cost of financial mismanagement to you



### Typical Ranch

2018 Taxes: \$5,272

2019 Taxes: \$5,606

**Cost of mismanagement to you**  
**\$334 Tax Increase**



### Typical Raised Ranch

2018 Taxes: \$6,594

2019 Taxes: \$7,083

**Cost of mismanagement to you**  
**\$489 Tax Increase**



### Typical Colonial

2018 Taxes: \$10,215

2019 Taxes: \$10,768

**Cost of mismanagement to you**  
**\$553 Tax Increase**



### Typical Cape

2018 Taxes: \$4,359

2019 Taxes: \$4,636

**Cost of mismanagement to you**  
**\$277 Tax Increase**

### City-wide Impact

#### •2.5 mill (6.4%) tax increase

See examples on left.

#### •Fund Balance (Rainy Day Fund) - \$3.5 million in the hole to pay for mismanagement.

Millions now have to be raised through tax increases, sale of properties, etc. that could have been used to cut taxes, spur economic development or provide for our children's education.

#### •City's bond / credit rating reduced.

*It will cost us more to borrow money to finance city projects such as the sewer modernization.*

#### •Derby's Children education flat-lined / zero increase for second year in a row.

Causing the loss of positions, further negatively impacting our children's education.

Tax information based on actual assessed property value, addresses not revealed to maintain privacy.

## Time to get Derby moving in the RIGHT direction!



# Coppolo Looks to Lead Derby Revitalization



Brian Coppolo - Democratic Candidate for Mayor

## Derby Tax Base Lacks Growth *Coppolo Offers New Direction*

Derby's tax base, commonly referred to as the Grand List—the total of taxable properties in the city—failed to grow at a rate to keep pace with inflation as measured by the Consumer Price Index (C.P.I.), during the years of the Dziekan administration. The C.P.I., a measurement of the increase in the cost of goods and services over a period of time, grew at an annual rate of 2.2% from September 2016 to September 2017, while Derby's Grand List grew a mere .93% during the same period. The trend continued for the most recently published Grand List figures of October 1, 2018, with the Grand List growing a meek .58% as compared to the C.P.I.'s 2.2%.

The failure of the Grand List to keep pace with inflation is the result of a lack of substantive economic development in Derby, which Brian Coppolo, Democratic candidate for mayor, addressed. "Politicians often point to empty store fronts as a lack of economic development, but that has only a very small impact because the landlords of these vacant buildings are still paying taxes on them. The big problem is the vacant lots properites on the south side, other unde-

velopemt, under developed or properties in need of redevelopment that go untouched. Grand List growth occurs by means of new development or re-development of existing properties and Derby has failed to generate any substantive economic growth in this area. As a result Derby has the highest taxes in the region."

Coppolo admitted this is a critical issue, which has plagued the community for years. "I realize these problems didn't happen overnight, and as a result there are no quick and easy fixes to put in place," Coppolo stated. "But that doesn't mean our mayor should stick his head in the sand and not develop a well-thought-out, comprehensive and systematic direction on how to address them, something which I, for one, have never heard the incumbent articulate. To simply keep pace with inflation our Grand List of over \$723 million needs to grow by far more than \$4 million annually. That doesn't happen without a plan."

Coppolo spoke of pursuing a new direction, beginning with the hiring of a full-time, experienced, professional economic development director

"We need to work with state

Brian Coppolo, Democratic candidate for Mayor, comes from a family with deep roots in the community. He remembers conversations around the dinner table, talking about days when Derby was a community that had a thriving downtown, where his family owned and operated Raro's Automotive Center, and where you could walk a block in any direction into any number of vibrant shops to chat with friends and support local businesses.

He remembers the pride with which his family members spoke about their beloved hometown and how people from all over the region moved to Derby because they viewed it as a place with good schools and great people. A place where community was more important than self. Everyone wanted to become part of that community, to raise their families here and volunteer their time and talents to make Derby the best it

could be.

Brian wants to be Derby's next mayor to provide a change in direction that will put Derby on a path to achieving revitalization so it can become the great city it once was, and maybe even better. "Derby is suffering from a serious lack of leadership, vision and oversight and we are paying a heavy price for it," Coppolo said. "Nothing speaks to this more than the recent, serious financial mismanagement. It not only cost the taxpayers individually in terms of a significant mill rate increase, it has also mortgaged our future by causing us to have to sell off city assets to try to make up for the huge deficit in the rainy day / fund balance that has resulted."

In addition to the financial mismanagement that has occurred Coppolo identified two other main factors impeding Derby's revitalization: the lack of substantive economic development

and the city's failure to provide a high quality education for Derby's -children. "When people and businesses look to locate into a community, the tax rate, which is heavily impacted by economic development, and the quality of education provided are two key factors. We simply need to do much better in these areas if we are to turn things around."

Coppolo has approaches to address each of these areas. But he said it all begins with having "community conversations" where transparency, openness and partnership work together in harmony.

"I think it's imperative for us as a community to work together to overcome the issues we face. Our conversation needs to be infused with professional experience related to each challenge from which we as a community can together choose a path forward that leads to success."

and regional officials to bring about the completion of the modernization work on Route 34 as quickly as possible and acquire the remaining non-city-owned properties on the south side of Main Street, so developers will see a clear path forward to pursue their development ideas for the parcel, which represents a substantial growth potential in our Grand List."

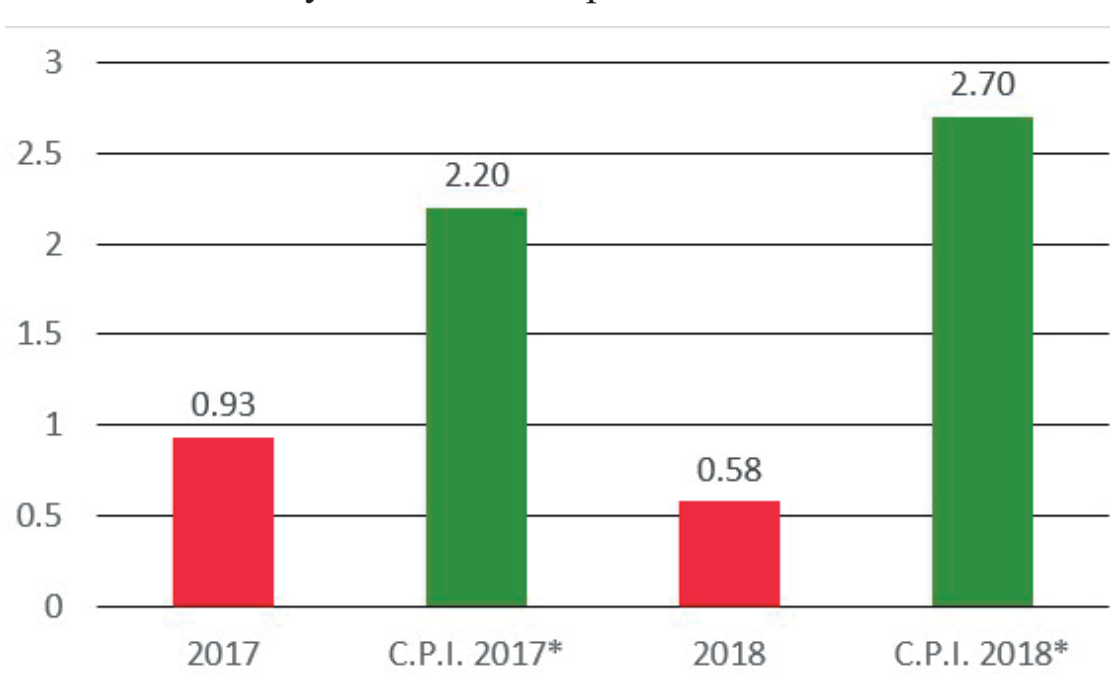
In addition to those steps, Cop-

polo spoke of the need to crack down on slumlords by enacting more stringent code enforcement measures, creating legislation with substantial fines for violators, similar to what the city has done to tackle the blight problem, and establishing an economic development / redevelopment fund fed by such fines that can be used to spur the city's growth.

"As much as possible, we want pursue grants to help Derby, but

it's also fair to ask those who contribute negatively to our city's business climate to share a portion of the burden by paying fines to bring properties into compliance with our codes."

Growth of Derby Tax Base Compared to Consumer Price Index



The chart above shows Derby's percent increase in economic development based upon Grand List (the value of taxable property) value growth vs. the percent increase in the cost of goods and services represented by the Consumer Price Index. Derby's current Grand List value totals \$723,588,223.

\*CPI value are from September to September to correspond with Grand List values.



**Election Day**  
**Tuesday, November 5<sup>th</sup>**  
***Vote for a change***  
***in direction***  
**That begins Derby's**  
**revitalization!**



# Derby's Children Deserve High-Quality Education

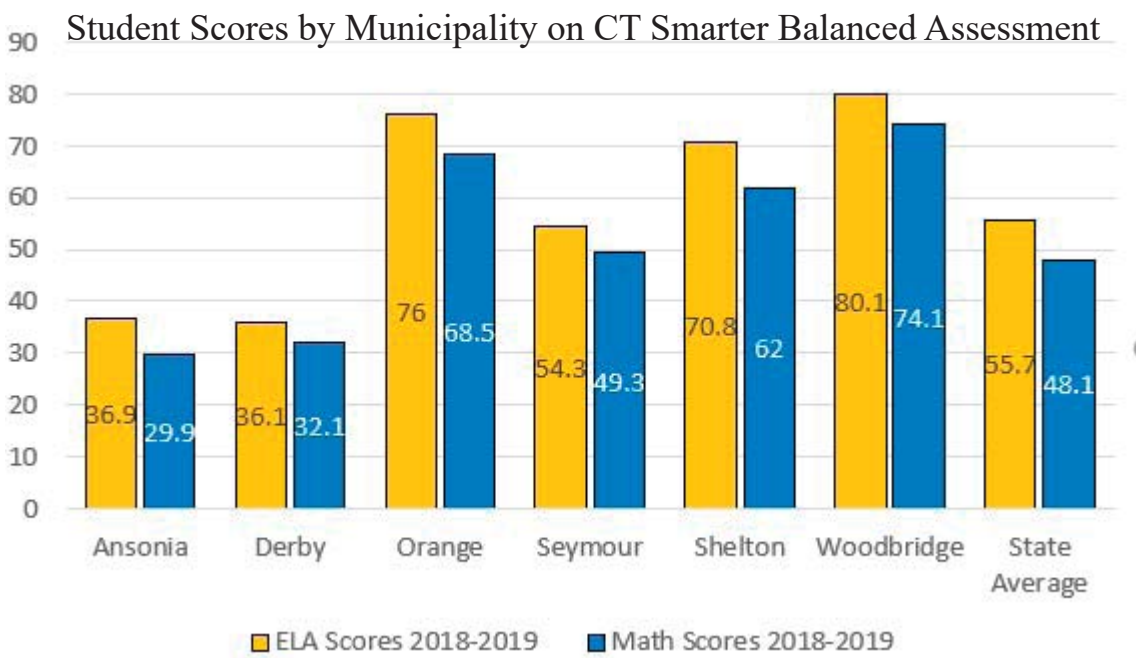
The Derby public schools have failed to provide the children of Derby a high-quality education. In fact, as seen in the chart on the right, Derby is one of the worst-performing cities in the region when it comes to the percentage of students meeting proficiency, as indicated by their scores on the Smarter Balanced Assessment required by the state to be given annually. “We simply must do better for Derby’s children,” said Brian Coppolo, Democratic candidate for mayor. Coppolo cited the moral obligation of the community to prepare its children to be the next generation of leaders and business entrepreneurs, as well as the value a high-quality education has for those looking to buy a home or open a business in Derby.

“The quality of a city’s educational system is one of the key indicators playing into a family’s decision to move into a community. Where there is a lack of desire to move into a community, housing prices decline and stay repressed, making

houses difficult to sell. And when sold, they sell at a lesser value than the same house in neighboring communities.”

Derby is an Alliance District and has been for several years. An Alliance District designation means a school district is among the bottom 33 performing districts in the entire state of Connecticut. Designation as an Alliance District brings additional dollars into the district, along with a good deal of state involvement, approval and oversight on how that money will be spent. But even with that assistance, Derby has failed to provide a high-quality education for its children.

Coppolo is proposing an independent study/audit of the school district’s practices, methodologies and principles, as well as the outside factors, conditions and circumstances beyond the district that negatively affect the city’s ability to provide a high-quality education for its students. He is also willing to explore outside-the-box solutions.



“Spending more money isn’t the only answer. While an “in-district” approach is preferred, we need to also be willing to consider outside-the-box solutions, which is why I advocate bringing in a fresh set of experienced, professional eyes to look at our struggles, while at the same time pursuing alternatives with neighboring communities.”

Coppolo spoke about the ongoing efforts to consider regionalization with Ansonia. He expressed concern that much of the talk centers around reducing

costs rather than improving the quality of education. He also questioned whether partnering with a neighboring community that faces the same struggles of providing high-quality education would result in the desired objective of providing high-quality education for Derby’s children. He advocated looking to see if other communities might be open to some form of partnership.

“With declining birth rates being the norm, country-wide and in our state, many school districts are

finding they have excess capacity. A number of neighboring communities offer a high-quality education to their students, and we should reach out to them.”

Coppolo said that once a course of action to accomplish the objective is determined, as mayor, he will be “an active and passionate advocate for Derby’s children to ensure they get the high-quality education they deserve.”

## Derby... The highest taxes in the region



*Are you getting your money's worth?*

**It's time for a new direction.**

**Vote Coppolo for Mayor - Vote Democratic - November 5<sup>th</sup>**



This is **NOT**  
the **RIGHT** direction



A fresh new direction ...  
Moving **Derby**  
**FORWARD!!!**