

ECONOMIC DEVELOPMENT COMMISSION
MINUTES
March 2, 2011

Present: Commissioners: Cyrus Settineri, Robert Kapusta,
Susan Patrick and Robert Stanton

Absent: Kathy Alagno, John DePalma and Genevieve Salvatore

Advisors: Robert Gregory

Board of Aldermen Liaison: Dan German

Press: Brian McCready, NH Register

- I. Chairman Settineri called the meeting to order at 12:10 p.m.
- II. Public Comments – None
- III. Approval of the minutes of January 26, 2011. A motion was made and seconded to approve the minutes as presented.

APPROVED UNANIMOUSLY

IV. Guest Speaker

The Chair introduced Mayor James Richetelli. The Mayor provided an update on the City's budget deliberation for 2011-2012.

He said the City recently learned it's expected to lose \$1.1 million in state reimbursement next year. Gov. Dannel P. Malloy has proposed eliminating the manufacturers' exemption. Currently, local municipalities are prohibited from taxing manufacturing businesses for new equipment purchases for a five-year period. The state has recently been reimbursing between 65 to 80 percent of the costs to local towns and cities.

Malloy's proposal would cost the City \$1.1 million. Milford, which has Schick Manufacturing and Bic Corp., is ranked in the top 10 in the state in receiving the manufacturers' reimbursement from the state.

Richetelli said the Board of Finance recently asked him to come up with a plan to offset the \$1.1 million loss in state funds.

Richetelli also told economic development commissioners the biggest issue in next year's budget is health insurance costs. The City is in negotiations with seven of its eight unions, and has stressed health care costs will be the primary topic. Currently, those seven unions do not contribute toward their health care costs, and the Mayor said that must change.

Richetelli said Wednesday the City hopes to negotiate a different benefits package for newly hired employees. He said the unions are expected to protest such a move.

The idea of turning the state technical schools over to the local communities was a complete surprise according to the Mayor. Discussion was held among the members of the commission about Platt Tech with a general agreement that this did not seem like a good idea.

The Mayor said the City is hopeful Malloy will reinstate \$1.5 million in Education Cost Share grant funds to the City, which were expected to disappear next year. Richetelli also briefed the commissioners on a series of new taxes Malloy has pitched that could add revenue to the City.

The governor is proposing to allow local municipalities to tax boats and airplanes, increase taxes on hotels from 12 to 15 percent with 1 percent going back to the host town, the Mayor said. Additionally, Malloy is seeking to raise the sales tax from 6 to 6.25 percent, and local towns would be able to keep 0.1 percent of the items purchased in their respective communities. However, some towns that do not have retail would like to share in that revenue stream.

Richetelli said all of the proposals are in their infancy, and it's unclear what impact the new taxes would have for the City.

"The goal is to keep the burden on local taxpayers to a minimum because they're going to get clobbered by the state in new taxes," Richetelli said.

Chairman Settineri said that the private sector was experiencing tough economic times and was concerned about generous benefits for public employees. The Mayor responded by saying that it has been going on for 30-40 years and we are seeing the results in Wisconsin, California, Illinois and right here in Connecticut. The Mayor said that workers in the public sector were poorly compensated. He said the

pendulum has swung far to one way and it has to swing back the other way. Richetelli said we live in a state where the laws favor labor. In addition, we have binding arbitration laws that hamper cities and towns. We appreciate the work that our employees do but we must make changes the Mayor said.

When asked how EDC could help the Mayor said that you have to be advocates for industry and economic development, especially manufacturing. Losing the manufacturers exemption would be a problem.

V. Communications

The letter from the Mayor to Ms. Ashelford thanking her for her service was noted.

VI. Economic Development Activity

Mr. Gregory presented his report (enclosed). He noted that the Planning and Zoning Board turned down the hookah lounge.

After discussion a motion was made and seconded to send a letter to the Chair of the Planning and Zoning Board objecting to the manner that the hookah lounge application was handled.

PASSED UNANIMOUSLY

Mr. Gregory said that there was a meeting between the state and city officials to coordinate the rules for the new boardwalk. He said that there was great agreement between the two sides and that the boardwalk will be completed by March 15th and will be a fantastic asset for the city and state. It will be the longest “boardwalk” on either side of Long Island Sound.

VII. Committee Reports

A. Broker’s Showcase

Chairman Settineri noted the commission’s discussion on having such an event again. He said that in light of having the governor coming to Milford that it might be better to have a “thank you” to our local business community featuring the new governor. He would give the governor, through Commissioner Salvatore, a wide option of dates in June or July and build the event around his availability.

- B. Business Visitation – No report.
- C. Business Survey- The Chair suggested we not have guests at the next meeting and discuss this and other business.
- D. Land Use and Permitting – Concern about the process was expressed.
- E. Plan of Conservation and Development – Ms. Patrick said she is meeting with Commissioner Salvatore to develop a plan.
- F. 10-Year Economic Development Plan

VIII. Old Business – None

IX. New Business – None

The meeting was adjourned at 1:10 p.m.

Respectfully submitted

Robert B. Gregory