

CITY OF NEW BRITAIN



Office of the Mayor

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STANDARD & POOR'S UPGRADES CITY BOND RATING TO "A+"

Agency sees continued improvements, commitment to balanced budgets

NEW BRITAIN—Coming off the heels of a 2014-15 audit confirming a \$14.9 million budget surplus, Standard & Poor's Rating Services (S&P) has announced a positive upgrade to New Britain's bond rating, increasing it to "A+" with a stable outlook—the highest bond rating the City has received from the agency since 2008.

Under Mayor Stewart's leadership, the City has increased its bond rating by four notches. In January 2015, S&P boosted the city's rating from "BBB" to "A."

"This is exciting news and confirmation of the sound financial decisions we have taken over the last three years to put New Britain back on the right track," said Mayor Erin E. Stewart. "No longer are rating agencies looking at New Britain and seeing financial mismanagement and overspending. They are instead seeing a strong and transparent commitment by my administration to fully fund our obligations—both now and in the future—and a local economy that is drawing new businesses and developments."

S&P cited positive performance indicators by the City as the primary drivers for the increase, including the following:

- A 2016 budget that is structurally balanced without the use of one-time revenue or expenditure cuts or reserves
- The presence of operating surpluses in the General Fund for the 2015 fiscal year
- Very strong and improving levels of liquidity (cash on hand)
- The implementation of high deductible health plans for employees
- A debt load that is set to be retired within 10 years

The rating agency also noted a number of developments within the City that are having a positive effect on the local economy. Notably, S&P cited:

- The rapid bus transit system CTfastrak as having "better-than-projected" ridership
- The rehabilitation of the long vacant Berkowitz building
- The \$35 million private investment being made to convert the former Landers Frary and Clark factory into condominiums
- The signing of a contract with the Atlantic League of Professional Baseball to have the New Britain Bees play in the city
- Work being undertaken to convert the former police station into a major mixed-used development.

"It is clear that the rating agency sees New Britain moving in a better direction. The 'A+' rating is a reflection of strong fiscal leadership and no non-sense budgeting practices," said Mayor Stewart. "The voters of New Britain elected me to restore fiscal responsibility to our city government and this is another indication that our full faith effort is paying off. We are putting forth realistic budgets that are setting us on a path towards a brighter future."

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Stewart continued, “This improvement in our bond rating will bring savings to taxpayers, as the city will get lower interest rates when we fund major capital projects through the issuances of bonds.”

In its findings, S&P cited the difficult financial decisions Mayor Stewart took upon entering office in 2013 to address a \$30 million budget deficit, including cutting \$16 million in expenditures from the 2014-15 budget through significant reductions in spending, the elimination of vacant positions, and an 11 percent increase in taxes. Under the 2015-16 budget, there were no tax increases.

“This is another piece of great news for the City,” said Deputy Finance Director Becky Salerni. “When a rating agency makes an upgrade like this it’s because they are seeing strong organizational leadership and best practices being implemented.”

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