



City of Hartford
FY2019 Recommended Budget
Municipal Accountability Review Board

May 3, 2018

FIVE-YEAR RECOVERY PLAN

FIVE-YEAR OUTLOOK PLAN



- **The Five-Year Plan Projects:**
 - Balanced budget for five fiscal years
 - Modest capital improvement plan to be funded on a “pay as you go” basis, rather than new borrowing
 - No mill rate reduction or significant rebuilding of fund balance likely
- **Long-term Sustainability Depends Upon:**
 - Maintenance of State agreement
 - Continued discipline
 - Corporate contribution
 - Economic growth leading to successful 2021 revaluation

PRE-RECOVERY PLAN

STEPS TAKEN TO MITIGATE BUDGET DEFICIT



FY2017 Reductions	Savings
Eliminated approximately 100 positions or 15% of non-uniformed personnel	9,417,407
Shifted Police Business & Community Service Officers to Patrol/Reduced Overtime	2,794,910
Drastically reduced funding for external agencies and organizations	2,010,075
Eliminated special event subsidies for parades and festivals	600,000
Reduced Library branch hours & other administrative services reductions	600,000
Rebid all property, liability and other insurance contracts	500,000
Reduced Families/Youth/Recreation programming and services	384,397
Restructured customer service model for Tax Assessor & Tax Collector offices	428,231
Restructured DPW sanitation routes	264,229
Reduced DPW City fleet and other contractual services	155,000
Reduced Health & Human Services Dial-A-Ride service	59,876
Reduced non-personnel citywide	1,337,023
Total FY2017	18,551,148
FY2018 Reductions	Savings
MERF Pension Savings (Fire)	1,592,511
Leased Space Reductions	2,400,000
Community-Based Organizations	831,955
Additional Police Attrition	606,385
Hartford Public Library	228,040
Dial A Ride	44,000
School Crossing Guards (Cost assumed by BOE)	1,208,000
Vehicles & Equipment	459,663
Workers Compensation	150,000
Salary Related Savings	800,323
Other Non-Personnel	512,284
Total FY2018	8,833,161
Total FY2017 & FY2018	27,384,309

FIVE-YEAR RECOVERY PLAN

LABOR SAVINGS



- **The City has reached significant labor agreements with four of its largest unions:** Hartford Fire Fighters Association, Hartford Police Union, City of Hartford Professional Employees Association (CHPEA) and American Federation of State, County, and Municipal Employees, Council 4, Local 1716
- **All labor agreements included:**
 - 4 years of 0% General Wage Increases
 - Transition from PPO to high-deductible healthcare plan
 - Increases in employee healthcare premium share
 - Significant increases in employee pension contributions
 - Changes to retiree healthcare and future pension benefits

FY2018-2019 Labor Savings	Savings
Wages	3,269,112
Healthcare	2,574,233
Pension	2,871,754
Other	1,285,214
Total	10,000,313

FIVE-YEAR RECOVERY PLAN

OTHER INITIATIVES



OPEB Savings: Effective July 1, 2018, all retirees age 65 and over will shift from the Medicare Supplemental Plan to the State of CT Medicare Advantage Plan. This change will be advantageous to over 770 Medicare retirees, spouses and eligible dependents by moving from a 90%/10% cost share to a co-pay based plan with lower premiums. Savings: \$2.1M

Other Expenditure Initiatives: Includes, but is not limited to, Shared Services and Consolidations, Fleet Savings, Healthcare Dependent Eligibility Audits and Energy Efficiency projects.

Revenue Enhancement:

- Development of Vacant/Underutilized Parcels in partnership with CRDA
- Recruitment of commercial tenants
- Personal Property Audits & Use of Alias Tax Warrants
- Fee Task force for Licenses and Fees and Charges for Services
- Fee for Service

FIVE-YEAR RECOVERY PLAN



Forecasted Deficits	(\$65.0)	(\$67.9)	(\$85.2)	(\$88.7)	(\$97.3)
(+) Current GO Debt Service / Contract Assistance	48.6	45.7	56.3	54.7	54.1
Deficit with Proposed Contract Assistance	(\$16.3)	(\$22.2)	(\$28.9)	(\$34.0)	(\$43.2)
(+) Labor cost savings	10.6	11.5	11.8	11.7	11.7
(+) OPEB cost savings	2.1	2.1	2.1	2.1	2.1
(+) New Debt Issuance Removal	3.8	7.5	11.3	15.0	18.8
(+) Additional Cost Savings / Current Services Re-Est.	1.9	3.2	3.3	3.3	3.3
Deficit / Surplus with Cost Savings Plan	\$2.1	\$2.1	(\$0.4)	(\$1.9)	(\$7.3)
(+) Consolidations, Efficiencies and Other Savings	-	-	2.5	4.0	4.0
(+) Grand List Growth & Other Revenue Enhancement	-	-	-	-	5.4
Deficit / Surplus with Additional Mitigation and GL Growth	\$2.1	\$2.1	\$2.1	\$2.1	\$2.1
(+) Corporate Commitment	10.0	10.0	10.0	10.0	10.0
(+) School Construction Reimbursements	6.0	6.0	2.0	-	-
	-	-	-	-	-
Available for PayGo CapEx Financing	\$18.1	\$18.1	\$14.1	\$12.1	\$12.1



Overview of the FY2019 Mayor's Recommended Budget

CORE GOALS



Continue to put Hartford on a Path to Financial Recovery and Fiscal Stability

- Manage with discipline and rigor, pushing for savings while delivering core services
- Meet Hartford's fiscal challenges without raising taxes on small and mid-size businesses
- Continue to streamline government operations and make government more efficient
- Maintain new partnership with the State of Connecticut

CORE GOALS



Promote Economic Development and Job Growth

- Aggressively pursue opportunities for economic growth, thereby growing the grand list
- Retain jobs and encourage existing employers to grow
- Promote economic opportunity for Hartford residents, including returning citizens

CORE GOALS



Keep our Streets Safe and our Neighborhoods Strong

- Stabilize public safety staffing and expand efforts to recruit Hartford residents
- Use technology to advance public safety and efficiently allocate resources
- Continue efforts to improve, rehabilitate or demolish blighted property

Youth Engagement

- Maintain and expand opportunities for Hartford youth, specifically justice-involved youth

FY2019 RECOMMENDED BUDGET

ESSENTIAL SERVICES-ONLY BUDGET



General Fund:	FY2018 Adopted Budget	FY2019 Forecast	FY2019 Recommended Budget	Variance (\$)	Variance (%)
Total Revenues	563,289,098	558,306,087	567,306,087	4,016,989	0.7%
Total Expenditures	612,923,558	621,351,076	567,306,087	(45,617,471)	-7.4%
Surplus / (Deficit)	(49,634,460)	(63,044,989)	—		
Expenditures adjusted for:					
Debt & Other Capital Investment	(53,770,375)	(52,430,808)	(10,500,000)		
Base Expenditures Comparison	559,153,183	568,920,268	556,806,087	(2,347,096)	-0.4%

- Retains the deep reductions that were made in FY2017 and FY2018
- Reflects the Municipal Recovery Plan as presented to the MARB.
- Excluding debt and other capital investment expenditures, the budget is a 0.4% or \$2.3 million decrease from last year

REVENUE SUMMARY



Revenue Category	FY2017 Actual	FY2018 Adopted	FY2019 Recomm	Variance (\$)	Variance (%)
General Property Taxes	258,987,305	280,165,161	285,111,323	4,946,162	1.8%
Licenses And Permits	5,376,215	5,971,406	5,671,406	(300,000)	-5.0%
Fines Forfeits & Penalties	161,421	190,000	190,000	-	0.0%
Revenue Money And Property	2,364,183	1,313,149	1,313,149	-	0.0%
Intergovernmental Revenues	266,482,051	265,635,563	255,215,871	(10,419,692)	-3.9%
Charges For Services	3,493,697	2,844,964	2,929,483	84,519	3.0%
Reimbursements	156,717	152,840	152,840	-	0.0%
Other Revenues	1,035,507	238,650	238,650	-	0.0%
Other Financing Sources	6,032,055	6,777,365	16,483,365	9,706,000	143.2%
Total Revenues	544,089,150	563,289,098	567,306,087	4,016,989	0.7%

Revenue Highlights:

- Motor vehicle mill rate increase from 39 to 45 consistent with current state law
- Reflects Governor's proposed level of municipal aid for FY2019
- Corporate contribution of \$10 million
- DoNo Stadium elimination of admissions tax revenue consistent with state law

EXPENSE SUMMARY



Expenditure Category	FY2017 Actual	FY2018 Adopted	FY2019 Recomm	Variance (\$)	Variance (%)
Payroll	102,643,044	106,762,441	107,997,525	1,235,084	1.2%
Benefits	78,171,009	96,229,626	93,818,869	(2,410,757)	-2.5%
Debt & Other Capital	32,017,824	58,591,375	15,323,430	(43,267,945)	-73.8%
Library	7,860,851	8,100,000	8,150,000	50,000	0.6%
Metro Hartford Innovation Services	2,998,818	2,996,431	3,174,113	177,682	5.9%
Utilities	20,649,407	23,979,440	23,964,607	(14,833)	-0.1%
Other Non-Personnel	25,112,242	32,256,057	30,869,355	(1,386,702)	-4.3%
Education	284,008,065	284,008,188	284,008,188	-	0%
Total Expenditures	553,461,260	612,923,558	567,306,087	(45,617,471)	-7%
Debt & Other Capital Investment	-	(53,770,375)	(10,500,000)		
FY2018 Base Budget excl Debt & Capital		559,153,183	556,806,087	(2,347,096)	-0.4%

Expenditure Highlights:

- Municipal Budget of \$283M
- Includes all labor savings achieved to date and anticipated for remaining unions
- Fully funds the City's ADEC for MERF Pension
- Maintains flat funding for Education
- \$10.5 million capital reserve towards the total \$20M for CIP in FY2019

CITY OF HARTFORD



Closing Remarks

