

24-Jun-20

City of Hartford: Five-Year Plan Efficiencies and Other Mitigation

FIVE -YEAR PLAN	FY2021 RECOMM	FY2022 FORECAST	FY2023 FORECAST	FY2024 FORECAST	FY2025 FORECAST
Revenues	567,758,310	575,911,752	583,491,742	590,132,874	600,404,232
Expenditures	567,758,310	580,738,057	588,386,462	595,029,173	605,302,154
Surplus/(Deficit)	-	(4,826,305)	(4,894,720)	(4,896,299)	(4,897,922)
Efficiencies and Other Mitigation	-	4,826,305	4,894,720	4,896,299	4,897,922
New Public Safety Model	-				
<b>Revised Surplus (Deficit)</b>	-	-	-	-	-

Efficiencies and Other Mitigation	FY2021	FY2022	FY2023	FY2024	FY2025
<b>Revenue and Expenditure Initiatives* (see Attachment)</b>					
Tax Collection Efforts	-	300,000	400,000	300,000	300,000
Increased Revenue Collections--Private Duty	-	250,000	350,000	350,000	350,000
Worker's Compensation Reduction Strategies	-	75,000	135,000	135,000	135,000
Strengthening Golf Operations	-	120,000	240,000	240,000	240,000
Energy Efficiency	-	350,000	350,000	375,000	375,000
<b>Sub-Total Rev and Expend Initiatives</b>	-	<b>1,095,000</b>	<b>1,475,000</b>	<b>1,400,000</b>	<b>1,400,000</b>
<b>Other Categories:</b>					
General Fund Reduction PayGo Cap Ex**	-	2,500,000	2,500,000	2,500,000	2,500,000
General Fund Reduction Operating Costs***	-	1,250,000	1,000,000	1,000,000	1,000,000
Local Revenue Diversification****		2,500,000	5,000,000	5,000,000	5,000,000
<b>Sub-Total Other Categories</b>	-	<b>6,250,000</b>	<b>8,500,000</b>	<b>8,500,000</b>	<b>8,500,000</b>
<b>TOTAL</b>	-	<b>7,345,000</b>	<b>9,975,000</b>	<b>9,900,000</b>	<b>9,900,000</b>

\***Revenue and Expenditure Initiatives:** Many of the revenue increases and expenditure decreases will become part of the base revenues and expenditures going forward. For those initiatives that are more one time in nature, it is assumed that such or similar efforts will continue or be repeated at times throughout the plan. **The descriptions of these initiatives are attached.**

\*\***General Fund Reduction PayGo CapEx:** These General Fund reductions will be achieved through reductions to the appropriation OR additional funding obtained through State, federal aid, grants, or subsidies and other sources.

\*\*\***General Fund Reduction Operating Costs:** These General Fund reductions will be achieved through operational efficiencies or service reductions as necessary OR additional funding obtained through State, federal aid, grants or subsidies or other sources.

A planned initiative regarding enhancing service effectiveness and operational efficiencies include cost containment efforts related to employee health costs. Another is considering approaches to reduce refuse disposal costs.

The City will be undertaking an RFP process for a new contract for medical and dental TPA services this fall. As part of this process, the City will pursue savings and improvements in administrative costs, network pricing and maintaining member access and strategies to maximize member outcomes and service delivery improvements in areas such as Mental Health and Substance Abuse Disorder services.

\*\*\*\***Local Revenue Diversification--Options include:**

- Local option room occupancy excise tax
- Local option meals excise tax
- PILOT or impact fees for certain non-profit/quasi-government agencies
- Rights of Way use fees for utilities, telephone, cable

**ATTACHMENT**  
**CITY OF HARTFORD**  
**REVENUE AND EXPENDITURE INITIATIVES—FY21 to FY25 PLAN**

**REVENUE ENHANCEMENT INITIATIVES**

**Tax Collection Efforts**

*Estimated Additional Annual Revenues \$300K-\$500K*

- Tax Deed Sales for Residential and Commercial
  - The City held its first tax deed sale in several years in April 2019. The results from the sale resulted in the redemption of 5 properties in the amount of \$159,000, the sale of 8 properties in the amount of \$304,000, and the City took ownership of 23 properties. The City is planning another sale for FY2020 with a focus on delinquent vacant properties and top delinquent properties within the City followed by a follow up sale on delinquent rental property within the City.
  - **February 19, 2020 Update on Tax Deed Sales (2/19/20)**- The City's next tax deed sale had been scheduled for Saturday May 16, 2020, but was delayed because of the COVID-19 pandemic. This deed sale was to be focused on primarily vacant land and top delinquent properties throughout the City. There is a total of 61 properties and to date 3 properties redeemed for a total of \$481,000. Of the remaining properties, some will be retained by the City if the owners do not redeem and we project the redemption or sale of another \$650,000. We are exploring a FY2021 tax deed sales focused on delinquent rental properties, the timing of which may also be impacted by the pandemic.
- Motor Vehicles – License Plate Scanning & Compliance Initiative
  - The City contracted with a consultant to address non-registered or improperly registered vehicles within the City. This compliance initiative has resulted in additional assessments in FY2019 of \$103,912 and \$1,020,956 in FY2020. The consultant spent a majority of time in FY2019 investigating, and those investigations resulted in numerous bills being sent in October and December of 2019. The City, to date, has increased assessments by \$19m and has billed \$1.1m to non-compliant tax payers.
  - **Update on MTS billing and collections (2/19/20)** – The tax collection office is seeing a trend in MTS billings of about \$100,000 per month with a 15% collection rate to date. For FY2020, we anticipate a total of \$1.6m in billings at a 15% collection rate resulting in approximately \$240,000. By agreement, our vendor gets 50% of collections resulting in an additional \$120,000 in tax revenues for FY2020.
- Personal Property Audits
  - **Update to Personal Property Audits (2/19/20)** – As part of the ongoing use of Personal Property Audits, the Assessor's office will be mailing out 26 audit notices shortly for the FY2020 fiscal year auditing 2016, 2017, and 2018 grand lists. The goal of this ongoing initiative is to ensure that the personal property grand list is as accurate as possible for the Tax Collector and is now part of the Assessor's office ongoing operations.
- Personal Property Collection efforts – Use Alias Tax Warrants
  - **Update to Use of Alias Tax Warrants (2/19/20)** – The City went to RFP and just signed into contract with a new collection agency. Unlike our previous collection agency, the new

vendor will follow through with tax collections to the court system if necessary. The City's use of alias tax warrants is not being required at this time as we get situated with a new collection agency and process. However, the City is willing to use alias tax warrants as a collection tool on an as needed basis. The timing of this initiative will likely also be impacted by the pandemic.

- Personal Property – Assessors inventory city for construction vehicles not on grand list (Example: there is a visible crane for example)
  - **2/19/20 Update to Construction Vehicles** – Any vehicles discovered during the summer/fall of 2019 were added to the 2019 Grand list finalized January 31, 2020. There was a 6.6% or \$50m in assessed value increase in the personal property category due in part to this initiative, personal property audits, new businesses, canvassing City businesses, and renovations to 2 large insurance companies located in the City. This initiative is now part of the Tax Assessor's ongoing operations.

#### **Private Duty Jobs**

***Estimated Additional Annual Revenues \$250,000-\$350,000***

In FY 2020 the private duty police services application was published and enforced by rules and conditions. Failure to pay any invoice after 60 days from its due date may result in suspension of the account and /or the account submittal for collection or other legal action. Suspension will remain in effect until the account is current or a payment plan agreement is in place. Interest charges will continue to accrue. In addition, applicants must be current with all financial obligations, taxes and/or fees due to the City of Hartford, including, but is not limited to, general property taxes, miscellaneous permits, false alarm fees, fire watch fees and/or special event charges. The City reserves the right not to lift the suspension until all monies owed to the City are satisfied. The ability to pay online has also improved collections.

### **EXPENDITURE SAVINGS INITIATIVES**

#### **Energy Efficiency Opportunities**

***Estimated Additional Annual Savings \$300,000-\$375,000***

- **Energy Efficiency Projects.** DPW staff have completed its streetlights upgrade to LEDs. In addition, there are more projects related to park and interior lighting in five facilities: City Hall, the Department of Public Works, Public Safety Complex, SAND Elementary. City staff anticipate energy savings from the interior lighting projects to be approximately 660,000 kWh with total annual estimated savings of about \$127,400. The Office of Sustainability aims for an 18% reduction in our energy use related to lighting at these buildings as the result of these projects. DPW has also completed an engineering study at the Public Safety Complex which, if implemented, would result in an additional estimated 297,000 kWh savings and 24,000 CCF natural gas savings – total annual estimated savings of \$63,000, reducing on site energy consumption by approximately 10%. This project could have a payback as low as 2 years (after considering the Eversource and CNG incentives).
- **Financial Mechanisms for Savings.** The City has new virtual net metering and demand response agreements that will also save money. Demand response enables the City to register new generating assets with renewable energy capacity with the grid operator for demand response program credits. The credits associated with the fuel cell at Parkville amount to approximately \$15,000 to \$25,000 per year, for the useful operational life of the

unit. Virtual Net Metering (VNM) is a state-enabled program that allows the City to purchase discounted utility bill credits associated with solar installations. The City executed its first 20-Year VNM Agreement in June 2018 that provides approximately \$30,000 VNM on-bill credits annually. Another VNM Agreement has not yet been finalized, however, if executed, could provide an additional \$150,000 VNM credits annually. In total, the City projects up to \$3.6 Million over the next 20 years with both new and existing financial agreements.

- **Lead by Example.** The City is organizing an energy challenge with the utilities, local nonprofits and residents related to measuring and reducing energy use. The City team is taking a “Lead by Example” approach to this effort, ensuring that our own facilities are benchmarked – with performance over time measured and improved.”

### **Strengthening Golf Course Enterprise Operations**

***Estimated Additional Annual Savings \$150,000-\$240,000***

Golf operations have continued to stabilize, with Goodwin and Keeney either hitting or exceeding projections for rounds played and revenue. These trends are expected to continue and grow enabling the decrease and eventual elimination for the City’s subsidy from the General fund over the next several years. Fees are also increased consistent with maintaining competitive rates. Efforts are also underway to reduce or restructure certain costs.

### **Workers Compensation Reduction Strategies**

***Estimated Additional Annual Savings \$75,000-\$200,000***

- To reduce slip and fall claims, the City working with contractors and others to keep parking lots and sidewalks safe – during winter weather events as well as provide support to DPW in the prioritization of sidewalk repairs. Both of these should help reduce both Worker’s Compensation and Liability claims.
- Work with City departments to expand light-duty opportunities to assist with return to work; investigate instances of fraud; interdepartmental review of cases
- City is investigating use of new technology/equipment that would help in reducing injuries.
- Training activities:
  - o The City is working one of our carriers, Safety National, in regards to their online resources including:
    - Safety Essentials Online
    - Workers’ Comp Kit
    - Safety Training Source
  - o Risk Management has enlisted the assistance of our existing resources at our broker, HD Segur and our carrier, Safety National. Safety National provides the City a \$12,500 budget to use towards in-person training. All of this related to WC reduction strategies. Training topics include:
    - Preventing Sprains and Strains/Back Injury with Safe Lifting Techniques
    - Preventing Slips, Trips and Falls
    - OSHA/Regulatory Compliance (Ex. Asbestos Awareness, Personal Protective Equipment, etc.)
    - Worker Safety (Ex. Ladder safety, forklift, etc.)
    - Fleet and Driver Safety Programs
    - Worksite Hazard Assessment Services