

STATE OF CONNECTICUT
MUNICIPAL ACCOUNTABILITY REVIEW BOARD (MARB)

SPECIAL MEETING NOTICE AND AGENDA
Hartford Subcommittee of the MARB

Meeting Date and Time: Wednesday, September 17, 2025, 10:00 AM–12:00 PM

Meeting Location: Legislative Office Building
Hearing Room 1E
300 Capital Avenue
Hartford, CT 06106

Meeting materials may be accessed at the following website:

<https://portal.ct.gov/OPM/Marb/Hartford-Committee-Meetings-and-Materials>

Call-In Instructions: Meeting participants may use the following telephone number and access code
Telephone Number: (860) 840-2075
Meeting ID: 453 301 191

Agenda

- I. Call to Order & Opening Remarks by Secretary Jeff Beckham and Treasurer Erick Russell
- II. Approval of Minutes:
 - a. May 1, 2025, Regular Meeting
- III. Introduction: New Superintendent of Hartford Public Schools – Dr. Andrae Townsel
- IV. Review and Discussion: Hartford Public Schools 5-Year Plan
- V. Review and Discussion: City and Board of Education 5-Year Plan
- VI. Discussion: City and Board of Education Mitigation Plan
 - a. Plan to Mitigate the Reliance on Future Supplemental Grant Funds
- VII. Closing Remarks
- VIII. Adjourn

DRAFT
STATE OF CONNECTICUT
MUNICIPAL ACCOUNTABILITY REVIEW BOARD (MARB)

REGULAR MEETING MINUTES
Hartford Subcommittee of the MARB

Meeting Date and Time: Thursday, May 1, 2025, 10:00 AM

Meeting Location: This was a virtual meeting. Meeting materials may be accessed at the following website:
<https://portal.ct.gov/OPM/Marb/Hartford-Committee-Meetings-and-Materials>

Call-In Instructions: Meeting participants may use the following telephone number and access code:

Telephone Number: (860) 840-2075

Meeting ID: 311 554 329

Members in Attendance: Kimberly Kennison (OPM Secretary Designee), Kevin Alvarez (Treasurer's Designee), Stephen Falcigno, Lisa Hammersley, and Robert White.

City Officials in Attendance: Mayor Arulampalam (left 10:50AM), Julian Freund, Leigh Ann Ralls, Ajayi Olusegun, Paul Foster, Caitlin Richard, and Trahn-Tra Phan.

OPM Staff in Attendance: John Mehr, Simon Jiang, Lori McLoughlin, Bill Plummer, and Michael Reis.

I. Call to Order & Opening Remarks

The meeting was called to order at 10:05 AM by Ms. Kennison. This is a regularly scheduled TEAMS meeting with the focus being on the City's FY26 Budget as well as the Board of Education FY26 Budget.

II. Approval of Minutes:

a. May 2, 2024, Special Meeting

Mr. White made a motion to approve May 2, 2024, special meeting minutes with a second from Ms. Hammersley. Motion carried.

b. January 23, 2025, Regular Meeting

Ms. Hammersley made a motion to approve January 23, 2025, meeting minutes with a second from Mr. Alvarez. Mr. Falcigno abstained. Motion carried.

III. Review and Discussion: Board of Education FY 2026 Budget

The Subcommittee received copies of the Superintendent's Proposed 2025-26 Operating Budget. The budget initially reflected a deficit of \$14.7 million that has been reduced to \$6.7 million. Mr. Foster and Ms. Richard provided an overview of the FY2026 Budget.

Mr. Foster reviewed the timeline for the budget process, with the Board of Education (BOE) voting to adopt the budget on the 15th of April. The budget was presented to the City Council on the 23rd of April.

Revenues are flat with FY26 being the final year of the phase in for additional funding under the Education Cost Sharing (ECS) grant. Expenses are affected by general inflation across all areas of the budget but being driven by the rising costs of the three big areas: salaries, special education tuition, and transportation.

Mr. Foster touched upon the consulting firm, Public Works, who was engaged in assessing BOE's fiscal management. The consulting firm found no evidence of misspending, underspending, or sitting on money that has not been spent. It performed exhaustive review of the finances and the budgets. Some recommendations that came from Public Works were mostly around system and process issues with a recommendation relating to reduction in positions. Mr. Foster also mentions the Mayor's Blue-Ribbon Commission that looked at the system as a whole. One of the big findings being structural issues that exist within the Hartford school's operation creating structural fiscal challenges.

Mr. Foster discussed the new teacher's labor contract that addressed the 180 teacher vacancies in the Hartford public schools. The focus was on newly hired teachers by moving the pay scale to the middle in pay within Hartford County. Also, he stated modest enrollment decline over the last four years that total out in the range of 16,500 students and discussed the closing / consolidation of school facilities.

Ms. Richard presented an overview of the BOE FY2026 Proposed Budget. At the start of the process the budget had a \$30 million deficit driven by the cost of special education, tuition, and transportation. Initial budget reductions totaled \$15.3 million, which included a reduction of managerial positions in the Central Office and an additional \$3.0 million from the City to help reduce the deficit. Also, a placeholder of \$5 million of funding from the State was used based on the current fiscal year's \$5 million State contribution. This would leave the BOE with a \$6.7 million deficit to close.

At the April BOE meeting, the Board voted to make an additional set of reductions to balance the Budget. The Board adopted the FY2025-2026 Budget totaling \$452.1 million and formally requested that the City identify an additional appropriation of \$6.7 million to fund essential programs. Additional adjustments to the budget included further staff reductions at the Central Office level. At the school level, about 56 teaching positions and support positions resulted in a 2% reduction at the schools. The BOE is projecting to have fewer vacancies in FY26 than in the current year. Projecting a vacancy rate of 6% compared to the current year 12% vacancy rate for teachers.

Ms. Richard provided a chart showing that over the last eleven years, Hartford Public Schools has mitigated almost \$200 million in costs and eliminated 645 positions to balance the budget which includes ARPA funded positions.

IV. Review and Discussion and Possible Action: Mayor's FY 2026 Recommended Budget

Ms. Kennison stated Hartford is a Tier II municipality, according to the statute the MARB has approval authority of certain items of the annual budget. OPM staff have provided the

subcommittee with a memorandum on those items and a copy of the City's October 2024 Grand List. Subcommittee members received copies of the City of Hartford FY2026 Recommended Budget Book and the FY2026 Recommended Budget Report to MARB.

Mayor Arulampalam and Mr. Freund provided an overview of the City's FY2026 Recommended Budget. The Mayor stated that the FY2026 Budget is \$626 million and maintains the existing mill rate at 68.95 mills. The City is holding spending increases to 0.4%. The Mayor pointed out some targeted investments to include violence prevention to address crime in the City, enhancements to Early Learning Center staff salaries to address hiring competitiveness, and an additional \$3.0 million to the BOE this year. Along with that, the City and the BOE are working through a process to identify savings through consolidation of back-end functions.

Mr. Freund discussed the City's largest source of revenue, property taxes. Continuing to see the impact of tax appeals from the last revaluation limiting the ability of the Grand List to grow year after year. The Grand List for October 2024 is \$4.8 billion with the tax collection rate being 95.46%. Motor vehicle taxes were negatively impacted due to the change in the State rules for valuing how motor vehicles by using depreciation schedules. The City did opt to use the local option, a somewhat less impactful depreciation method. Intergovernmental revenue, primarily State aid to the City in accordance with the Governor's Budget, has minor reductions in PILOT payments and in the amount received for the motor vehicle CAP reimbursement. Lower interest income and a slight increase in revenue from building permits. On the expenditure side, payroll is increasing by 2.2% and benefits are increasing by 6.9% driven by rising health claims. The General Fund will be transferring \$3.0 million dollars to the Capital Project Budget for the pavement overlay program and sidewalk repairs.

The Subcommittee discussed commercial properties values, tax appeals, and the upcoming Revaluation.

Mr. Alvarez made a motion to approve Mayor's FY 2026 Recommended Budget and recommend it to the MARB with a second by Mr. White. Motion carried.

V. Review, Discussion and Possible Action: Hartford 5-Year Plan

Mr. Freund presented the City's 5-Year Plan projecting revenues and expenditures for FY2026 and FY2027 in balance. FY2028 would be the first revaluation year. The following two years the City is projecting surpluses. Revenue assumptions that include Grand List growth of 1.5% except for 13.9% in FY2028. No change in State Aid through FY2030. Expenditure assumptions included payroll increasing 3.1% per year with an attrition factor of -9.5% for FY2027 – FY2030. Health insurance increases 7.0% per year. Assumptions regarding pension costs are based on the City's actuary firms updated five-year forecast.

Mr. Freund mentioned that the City is proposing to begin borrowing funds using \$25 million of general obligation bonds for critical infrastructure and \$25 million for lease/purchase for fire apparatus, heavy equipment for public works, and information technology infrastructure and security upgrades.

Mr. Freund discussed education funding being at the current level throughout the planning period. The Mayor's Blue-Ribbon Commission is looking for opportunities such as school buildings

capacity and consolidations, and back-office efficiencies between the City and BOE that might create savings.

Ms. Kennison asked if the BOE prepared a 5-Year Plan. Mr. Foster replied the Board did one last year, but it has not yet been updated. Ms. Hammersley stated that the City's 5-Year Plan showing surpluses in the future, the City should be increasing investments to the BOE. The Subcommittee continued to discuss the impact of the tax appeals cases, the revaluations, and economic development.

Mr. Alvarez made a motion to approve the City of Hartford 5-Year Plan with an understanding that an increase to the Board of Education allocation would be considered as a use of future surpluses and recommend it to the MARB with a second by Mr. White. Motion carried.

VI. Other

Ms. Rails provided an update on the State refinancing City of Hartford bonds stating going out to market last week and this is in the final stages of closing up. The closing call is scheduled for May 21, 2025.

VII. Adjourn

The next regularly scheduled MARB meeting is scheduled for May 15, 2025, at the Legislative Office Building.

Mr. Alvarez made a motion to adjourn the meeting with a second by Ms. Hammersley. Motion carried. The meeting adjourned at 11:30 AM.

Five-Year Budget Forecast FY2026 to FY2031

Chief Financial Officer Caitlin Richard





- Purpose and Limitations of the Five-Year Forecast
- Five-Year Forecast
 - Assumptions
 - Revenue
 - Expenditures
 - Deficit and Mitigation
- Priorities for Consideration
- Appendix: Expenditure Detail

Purpose and Limitations of the Five-Year Budget Forecast



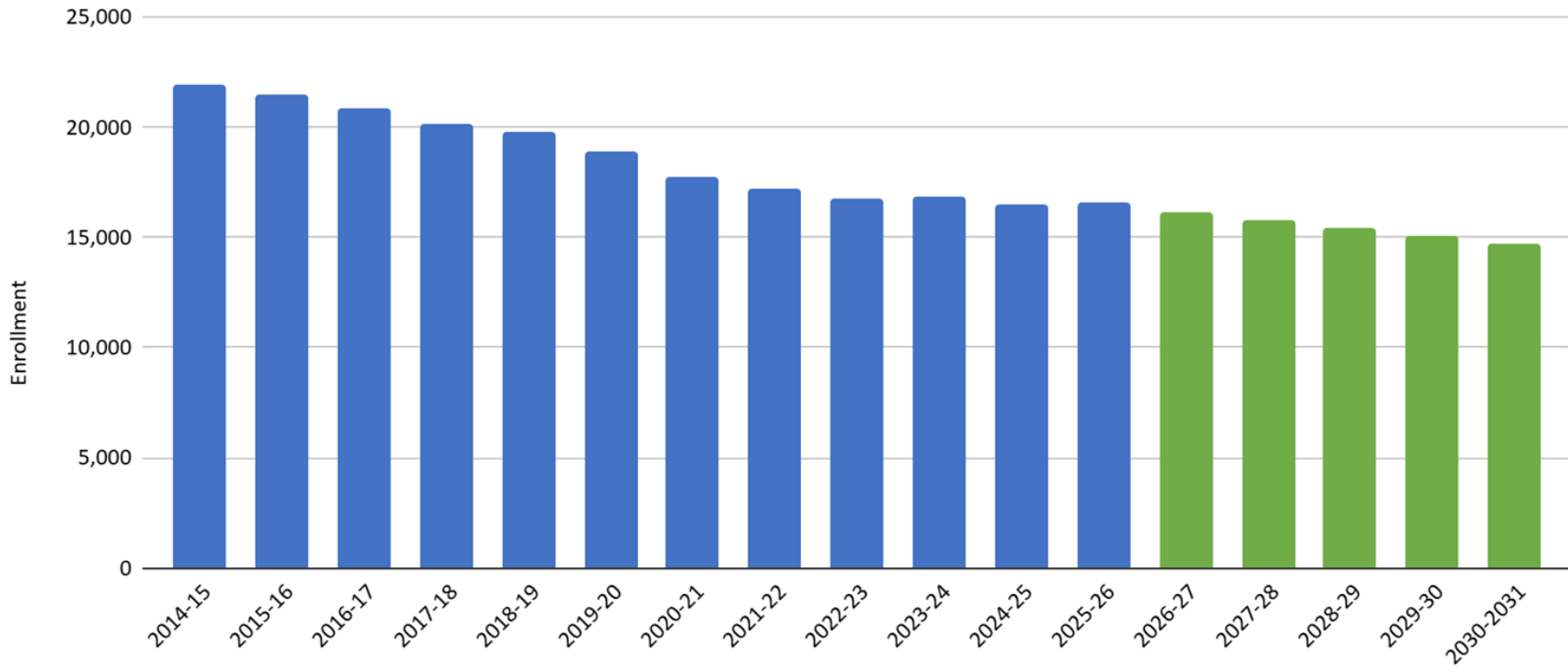
Purpose - To anticipate future fiscal challenges, facilitating strategic and operational decision-making to increase revenues and decrease expenditures

- Limitations
 - Changes in enrollment relating to demographic change in Hartford and magnet seat changes through the Sheff agreement are uncertain
 - Addition of magnet seats, within and outside HPS is impacted by levels of compliance to Sheff requirements in existing seats
 - Policy changes at the state and/or federal level could impact either revenues or expenditures in unanticipated ways
 - Changes in levels of student need are impacted by local, national, and global events, for example, an increase or decrease in students arriving as refugees with limited schooling experience



- Assume an annual 2.3% reduction in total HPS enrollment
 - 2.3% is a weighted average of the annual decline in enrollment of the averages for the last 3, 5, and 10 years (with the 3 year average weighted the most and the 10-year average weighted the least).
- A weighted average is used because of challenges facing magnet schools in meeting the compliance requirements of Sheff (in terms of balance of students), creating uncertainty regarding when and how much magnet seats will be increased across magnet operators.
- The weighted average builds in historical trends in both magnet and demographic driven enrollment declines.
- Giving greater weight to the most recent three years ensures that the projection is not too heavily influenced by trends that may not be persistent.

Enrollment Forecast





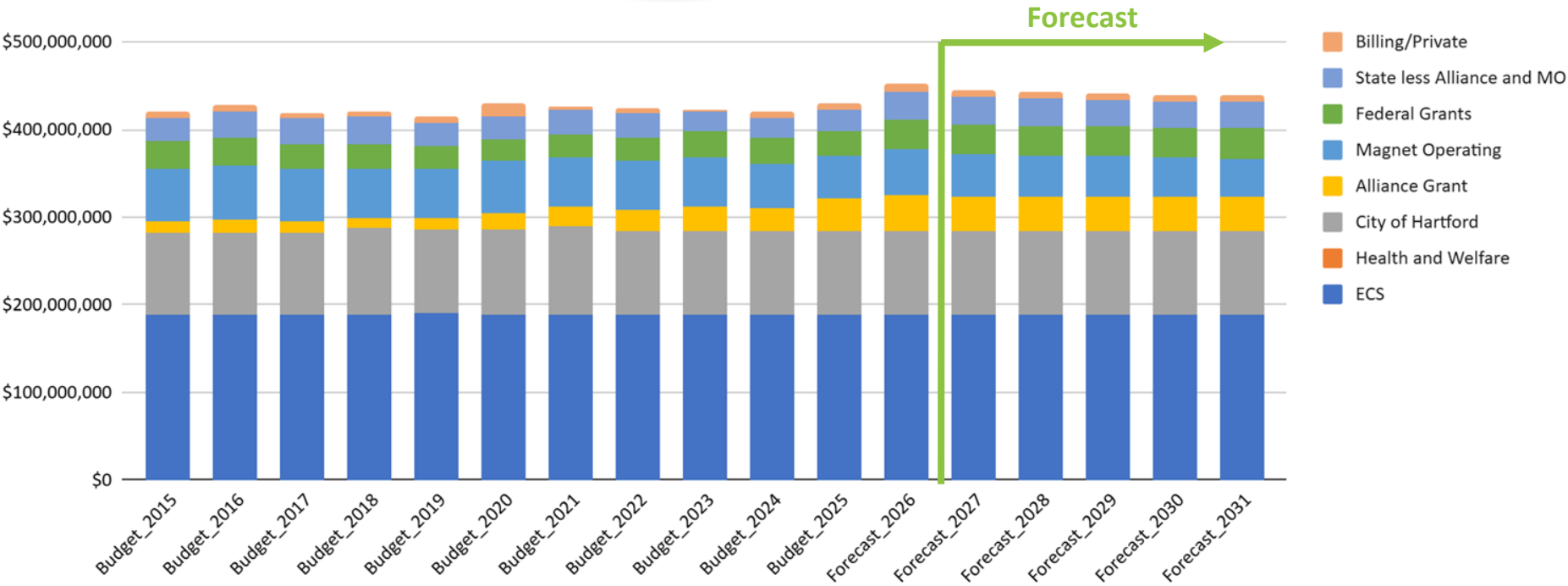
- General Fund
 - Education Cost Sharing (ECS) will remain level after FY2026
 - Increases in ECS reflected in increase to the Alliance grant
 - City of Hartford contribution will remain level at \$96.0 million as it has for more than 10 years
- Grants (Federal and State)
 - Projected annual percentage change based on weighted average of the averages of last 3, 5, and 10 years with 3 year average most heavily weighted
 - Not all grant funds were included in revenue projections prior to FY2026, which explains part of the revenue increase from FY2025 to FY2026
 - ESSER funds are not included in any year
- Private Grants and Billing
 - Projected 5% annual increase based on expanded grant-writing and increasing effort at billing special education, Medicaid, and 3rd party billing

Revenue Assumptions Projected Change Rates



	Projected Annual Change	Basis
ECS	0.0%	All ECS increases are reflected in the Alliance grant
Health and Welfare	0.0%	Assumes level funding
City of Hartford	0.0%	Assumes no change in City of Hartford contribution
Alliance Grant	0.0%	Assumes FY2027 Alliance grant is equivalent to the eGMS allocation for FY2026 and then no change in future years
Magnet Operating	-3.3%	Assumes a 3.3% decrease per year based on weighted average of last 3, 5, and 10 year trend
Federal Grants	1%	Assumes a 1.0% increase per year based on weighted average of last 3, 5, and 10 year trend
State less Alliance and MO	-1.5%	Assumes a 1.5% decrease per year based on weighted average of last 3, 5, and 10 year trend
Billing/Private	5%	Assumes the City's FY2026 one-time contribution goes away in FY2027 and then a 5% increase per year based on increased efforts in private fundraising and billing

Revenue Forecast



Revenue Forecast



	Budget_2025	Budget_2026	Forecast_2027	Forecast_2028	Forecast_2029	Forecast_2030	Forecast_2031
Education Cost Sharing	\$187,989,124	\$187,989,124	\$187,989,124	\$187,989,124	\$187,989,124	\$187,989,124	\$187,989,124
Health and Welfare	\$54,629	\$54,629	\$54,629	\$54,629	\$54,629	\$54,629	\$54,629
City of Hartford	\$95,969,521	\$95,969,521	\$95,969,521	\$95,969,521	\$95,969,521	\$95,969,521	\$95,969,521
Alliance Grant	\$36,945,585	\$42,078,982	\$38,669,355	\$38,669,355	\$38,669,355	\$38,669,355	\$38,669,355
Magnet Operating	\$49,465,189	\$51,300,000	\$49,631,323	\$48,016,925	\$46,455,039	\$44,943,958	\$43,482,030
Federal Grants	\$27,726,000	\$33,243,488	\$33,563,541	\$33,886,675	\$34,212,921	\$34,542,307	\$34,874,865
State less Alliance and MO	\$24,810,855	\$32,474,360	\$31,984,940	\$31,502,896	\$31,028,117	\$30,560,494	\$30,099,918
Billing/Private	\$6,450,000	\$9,000,000	\$6,450,000	\$6,772,500	\$7,111,125	\$7,466,681	\$7,840,015
Total	\$429,410,903	\$452,110,104	\$444,312,433	\$442,861,625	\$441,489,831	\$440,196,069	\$438,979,456



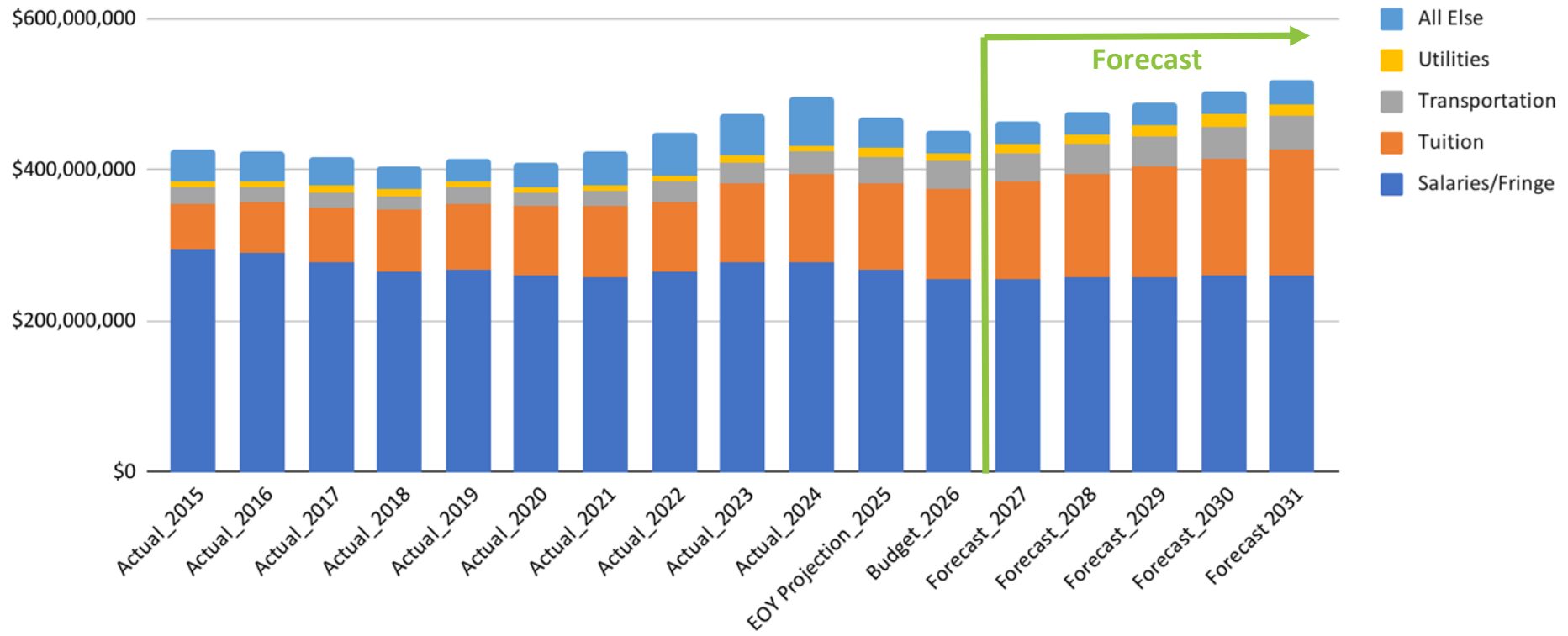
- Salaries and Fringe Benefits
 - Projected annual percentage change based on weighted average of the averages of last 3, 5, and 10 years with 3 year average most heavily weighted
 - The percentages yielded by the weighted average are lower than our typical annual contractual increases which mean **reductions and vacancies are assumed**
- Tuition, Transportation, and Utilities
 - Projected annual percentage change based on weighted average of the averages of last 3, 5, and 10 years with 3 year average most heavily weighted
 - Weighted average is used because these categories are expenditures over which HPS has less control through the budget
- Instructional Improvements, Advertising, Text/Library books, and Legal Judgments
 - Assumes no change from FY26 budgeted level of funding (used FY25 actuals for Text/Library books and Legal Judgments)
- Everything Else
 - 1.5% annual increase to account for modest inflation in prices for goods and service

Expenditure Assumptions Projected Change Rates



	Projected Annual Change	Basis
Salaries	0.4% certified 1.4% non-certified	Weighted average of the averages of last 3, 5, and 10 year annual increases, last 3 weighted heaviest
Fringe Benefits	0.1%	
Tuition	6.3%	
Transportation	4.2%	
Utilities	8.4%	
Everything Else		
Inst Imp, Advertising, Text/Library books, & Legal Judgments	0.0%	Holding costs unchanged
Other	1.5%	Assuming a low rate of inflation in cost of goods and services

Expenditure Forecast



Expenditure Forecast



	Projected Actuals_2025	Forecast_2026	Forecast_2027	Forecast_2028	Forecast_2029	Forecast_2030	Forecast_2031
Salaries and Fringe Benefits	\$268,435,818	\$254,588,092	\$255,998,929	\$257,422,854	\$258,860,026	\$260,310,606	\$261,774,757
Tuition	\$114,945,316	\$121,307,569	\$129,005,707	\$137,192,366	\$145,898,548	\$155,157,221	\$165,003,446
Transportation	\$34,327,756	\$36,227,682	\$37,749,245	\$39,334,713	\$40,986,771	\$42,708,215	\$44,501,960
Utilities	\$11,043,179	\$11,136,808	\$12,074,350	\$13,090,818	\$14,192,856	\$15,387,668	\$16,683,065
Everything Else	\$40,293,088	\$28,849,954	\$29,321,095	\$29,698,246	\$30,081,055	\$30,469,606	\$30,863,985
Total	\$469,045,157	\$452,110,104	\$464,149,325	\$476,738,997	\$490,019,256	\$504,033,317	\$518,827,214

Deficit Forecast



	Budget_2026	Forecast_2027	Forecast_2028	Forecast_2029	Forecast_2030	Forecast_2031
Revenue	\$452,110,104	\$444,312,433	\$442,861,625	\$441,489,831	\$440,196,069	\$438,979,456
Expenditures	\$452,110,104	\$464,149,325	\$476,738,997	\$490,019,256	\$504,033,317	\$518,827,214
Deficit	\$0	(\$19,836,892)	(\$33,877,372)	(\$48,529,425)	(\$63,837,247)	(\$79,847,757)



- Strategies to Reduce Expenditures

- Consider right-sizing the district, reducing the number of schools with less than 350 students, while leveraging economies of scale
- Innovate how school is delivered, for example, considering co-teaching models with larger classes or electives shared across schools through virtual instruction
- Tuition reform - reconsider how magnet schools are funded
- Revisit Sheff agreement because of the unequal system it has created for Hartford neighborhood schools

- Increased Revenue

- Continue to advocate for state relief for special education costs such as full funding of the Excess Cost Grant or adding a special education factor to the Education Cost Sharing Grant
- Deeper engagement with private philanthropy for priority initiatives in HPS

City of Hartford

FY2026-FY2030 Five-Year Plan to the Municipal Accountability Review Board



Meeting date: May 15, 2025

City of Hartford
FY2026-FY2030 Five-Year Plan
to the Municipal Accountability Review Board

General Fund Expenditure and Revenue Forecast Assumptions	1
FY2026 General Fund Summary	9
Revenue Summary - Major Category	10
Expenditure Summary - Major Category	12
Expenditure Summary - Departments	13
Expenditure Summary - Department 822	14

CITY OF HARTFORD

FIVE-YEAR FINANCIAL PLAN FY2026 – FY2030

The City's updated Five-Year Financial Plan covers the fiscal years 2026 through 2030. As the table below illustrates, balanced budgets are forecasted through FY2030 with opportunities in the out years for increasing Fund Balance, reducing the mill rate, or making targeted investments.

REVENUE AND EXPENDITURE SUMMARY ¹	FY2026 RECOMM	FY2027 FORECAST	FY2028 FORECAST	FY2029 FORECAST	FY2030 FORECAST
Revenues	626,320,988	631,480,409	658,963,061	664,414,313	669,956,323
Expenditures	626,320,988	631,439,356	646,172,944	654,904,742	664,569,468
Surplus / (Deficit)	0	41,053	12,790,117	9,509,571	5,386,855
Available as Surplus or for Mill Rate Reduction or Investment in Education	0	41,053	12,790,117	9,509,571	5,386,855

¹ Summary table amounts are rounded.

Major Initiatives

The following are among major initiatives underway that are expected to have a significant favorable impact on City finances.

Education

Over the last several years, Hartford Public Schools (HPS) has faced considerable challenges meeting the financial demands imposed by rising transportation, tuition, and special education costs, as well as the expiration of funding streams related to the COVID-19 pandemic. The City has taken steps to help mitigate projected Board of Education (BOE) budget deficits in the near term, while more long-term solutions are sought to make the BOE financially secure. Beginning in the current fiscal year, the City absorbed \$1 million of BOE expense for school crossing guards in the operating budget. For FY2026, the City is committing \$3 million from current year surplus to bridge the BOE budget while the City and HPS collaborate to identify efficiencies and opportunities for consolidation of back-office functions. Over the course of FY2026, the City and HPS will identify areas for consolidation that can be built into the FY2027 budget. In addition, the Mayor's Blue Ribbon Commission for Hartford Education recently issued its report, recommending, among other initiatives, "a facilities audit, to determine where it makes sense to invest and where district reconfiguration may help to provide a more effective and efficient system."

Debt and Capital

Since entering into the Contract for Financial Assistance with the State of Connecticut in 2018, the City has relied on pay-as-you-go funding to support its capital needs. While the City has been able to sustain

a limited capital improvement plan funded by budgeted contributions to the Capital Fund supplemented by use of operating surpluses, certain investments in critical infrastructure and capital equipment replacement have been deferred. In order to address a portion of the backlog in capital improvements and equipment, the 5-Year Plan for FY2026-FY2030 incorporates planned borrowing for which the City will be seeking approval from the Secretary of OPM and the State Treasurer, as well as City Council. There are two components to the planned borrowing:

- Lease-Purchase of Fire Apparatus, Public Works Heavy Equipment and IT Infrastructure: A total of \$25 million of lease purchase acquisition. The projections assume 7-year lease purchases at an interest rate of 5.85%.
- General Obligation Bonds for Critical Infrastructure: The projections include debt service on a \$25 million bond issuance amortized over 20 years at an interest rate of 5%. Bonded projects would be limited to core infrastructure, such as roads, sidewalks, traffic signals, streetlight replacement, etc.

The next steps in developing the borrowing plan entail engaging with a bond advisor to recommend method of sale, structure, and timing of issuance. As part of the borrowing plan, the City will also adhere to the City's Debt Policy regarding debt structuring, issuance and management.

Economic Development

The City's ability to sustainably and adequately fund municipal operations will rely in part on growing its tax base and attracting new residents with quality housing opportunities. Expanding the supply of market rate and workforce housing has been one of the City's major economic development strategies to attract workers and families. At the same time, the City continues to rehabilitate existing affordable housing and create new affordable housing.

While most development agreements entered into by the City involve a period of tax abatement, these projects provide additional income through PILOT payments to the City during the abatement period.

Eleven development agreements are currently at various stages of finalization or construction. In total, these projects are projected to result in approximately 1,000 new housing units. While the benefit to the taxable grand list will not be fully realized until after the tax abatement period, in the near term these projects will provide approximately \$1 million in new PILOT income to the City within the five-year planning horizon.

Collaborate with Treasurer on Long-Term Pension Liability Reduction

Annual contributions to the City of Hartford MERF, inclusive of BOE and the Library, comprise 8.8% of the total General Fund budget in FY2025, and the total ADEC for FY2026 represents 8.9% of the General Fund budget. The most recent multi-year projections from the City's actuarial firm suggest the ADEC will fluctuate within a range of \$52.5 million to \$56.7 million over the five-year planning period.

Given its relative share of the budget, pension expense represents an area of significant potential to help manage General Fund expenditures. To this end, the City Treasurer's Office has agreed to collaborate with the Mayor's Office in exploring possible administrative initiatives to reduce the Pension Fund's

liability and moderate the growth of future ADEC payments. This effort may also involve analyzing the possibility of transitioning certain groups to the State-run retirement plan for municipalities.

Other Initiatives

The City continues to work on various other initiatives intended to generate additional favorability in future revenues and expenditures.

Energy Savings Performance Contracting

The City will be participating in the Connecticut Conference of Municipalities' Energy Savings Performance Contracting program. The goals of the program include reducing operating costs of City and school facilities, improving the maintenance and operation of the facilities, and improving facility environmental conditions. Upgrades will be financed with the energy savings resulting from projects. Once capital costs have been covered, the full energy savings accrue to the City. The City has met with CCM and Energia to begin planning for an energy audit that will identify specific energy measures and upgrades for achieving energy efficiencies.

Virtual Net Metering

Through the State's Virtual Net Metering Program, the City has partnered to support large-scale solar installations that benefit Hartford. Under the State's Non-Residential Renewable Energy Solutions (NRES) program, the City has recently been awarded additional solar projects that are expected to generate solar energy as an offset to the City's electricity consumption. A total of 17 NRES projects are anticipated to come online by the end of FY2027 generating more than \$500,000 in savings per year.

Expanding Solar on City Owned Property

The City is currently working with a developer to implement a 4MW solar array on the former North Meadows landfill. In addition, the City has received an NRES award to support installation of solar on the roof of Weaver High School (target date Fall 2025) and is pursuing similar projects at other school locations. The Weaver High School and landfill projects alone are projected to generate savings of more than \$200,000 per year.

Fire Service Billing

Many municipalities bill insurance companies for the cost that Fire departments incur when responding to fire calls. The City began researching policies and exploring the feasibility and revenue potential of such a program this past year. A draft ordinance has been developed and is currently under review. Depending on the final structure of the ordinance, Fire Service billing is projected to generate \$525,000 or more per year. Revenues generated by Fire Service billing may be used as a supplemental source of funding for Fire apparatus or Fire Department capital needs.

Assumptions

The Five-Year Financial Plan for the City of Hartford (City) spans fiscal years (FY) 2026 to 2030. The purpose of the Plan is to help make informed budgetary and operational decisions by anticipating the future of the City's General Fund revenues and expenditures and highlighting anticipated fiscal risks and opportunities. The Plan surfaces major known fiscal conditions and projected future conditions to support informed long-term planning and decision-making regarding operational and capital improvement resources. As such, this Plan should be used as a management and planning tool and be amended annually. It is also important to note that the Court of Common Council is mandated by Charter to adopt a balanced budget. Therefore, any out-year projections indicating a budget deficit will require adjustments prior to budget adoption.

Revenue Assumptions

General Property Taxes are a major source of revenue for the City. The tax revenue projection for the FY2026-FY2030 budget contains the following assumptions:

- Mill rate of 68.95 for all property types, except for Motor Vehicles, which are at the statutorily capped rate of 32.46 mills through FY2030.
- FY2026 Tax Collections are based on the October 2024 Grand List and reflect the recently authorized local option for motor vehicle value depreciation schedule.
- The Grand List is assumed to increase by 1.5% per year for real estate, personal property and motor vehicles, with the exception of real estate in FY2028.
 - Real estate values in FY2028 will be based on the October 2026 revaluation. Recent sales data analyzed by the City Assessor indicates a 13.97% increase in real estate property value compared to the last revaluation. Projections for FY2028 taxes assume a 13.97% increase in real estate values, less \$150 million contingency for tax appeals.
- Tax collection rate of 95.46% based on the average of three previous fiscal years (96.09% in FY2022, 95.07% in FY2023, and 95.22% in FY2024) from the City's ACFR - Annual Comprehensive Financial Report)

Licenses and Permits revenues in the FY2026 Recommended Budget reflect a 4.8% increase above FY2025 Adopted Budget amounts, with a steady stream of income from housing, licenses, inspections, land use, and other fees through FY2030. With various property developments in progress, it is assumed that the amount of revenue from this revenue category will increase by 1.0% annually during the FY2027-FY2030 period.

Fines, Forfeits and Penalties, primarily composed of False Alarm Fine revenue, remain level in the FY2026 Recommended Budget but increase 1.0% annually from FY2027 through FY2030.

Revenue from the Use of Money and Property primarily consists of rental/lease and short-term investment income. The FY2026 Recommended Budget for this category includes a 9.8% decrease in revenues, compared to the FY2025 Adopted Budget, due to 12.5% lower interest income. It is projected that category revenues will remain nearly flat in the FY2027-FY2030 period, increasing by only 0.1% annually.

Intergovernmental Revenue consists primarily of State Aid to the City and is a major source of revenue for the City. In FY2026, Intergovernmental Revenue accounts for 47.5% of total General Fund revenue (the State Aid component represents 47% of total GF revenue). FY2026 State Aid is based on the Governor's Recommended Budget. FY2027-FY2030 assume no changes in State Aid.

Charges for Services include revenue from conveyance tax, filing of legal documents and all other charges for general government services. The City's FY2026 Recommended Budget reflects a 6.7% increase from the FY2025 Adopted Budget, as higher revenues from Special Events are anticipated. Category revenue is projected to increase at a 1.0% annual rate during the FY2027-FY2030 period.

Reimbursements include miscellaneous reimbursement amounts and prior-year expenditure refunds. Reimbursements are expected to generate 24.3% more revenue in the FY2026 Recommended Budget due to higher Section 8 Monitoring revenues. During the FY2027-FY2030 period, revenues are projected to grow by 1.0% per year.

Other Revenues include the sale of development properties and other miscellaneous revenues. The City does not budget for asset sales as an operating revenue. Revenues for this category are 50.6% lower in the FY2026 Recommended Budget than in the FY2025 Adopted Budget as a result of the end of participation in a rebate program. This category escalates at a 1.0% annual rate from FY2027 to FY2030.

Other Financing Sources include transfers from other funds. For this category, the FY2026 Recommended Budget is 1.4% lower than for the FY2025 Adopted Budget due to a projected 12.3% decrease in the revenue from the Hartford Parking Authority, which passes the net operating income to the General Fund. Category revenue is projected to increase at a 1.0% annual rate in the FY2027-FY2030 period.

Expenditure Assumptions

Payroll/Personnel Services

Payroll is a broad expenditure line item that includes salary expenses for full-time, part-time, and seasonal workers, as well as other associated costs including, but not limited to, overtime, holiday pay, and shift differential. For the FY2026 to FY2030 period, Payroll/Personnel Services in operating departments is projected to increase annually by 3.1% on average. The FY2026 Recommended Budget includes a headcount of 1,518; expenditures in the Plan are based on an assumed level headcount. Historical attrition and vacancy rates also have been factored into the 5-Year Plan.

Benefits and Insurance

In the FY2026 Recommended Budget, expenses in Benefits & Insurances, which includes health insurance, pension, property and liability insurances, workers' compensation and other benefits, are projected to increase by 6.9% due to health benefit costs, wage reserve and cashouts, offset by decreases in insurance premiums. This category also includes the attrition factor for non-Public Safety departments for the five-year planning period. Attrition is based on historical vacancy savings from FY2018-FY2024.

- Health

The City has a self-insured health model, and the Health Benefits budget reflects the net medical, pharmacy and dental costs after employee contributions for approximately 2,452 active members and 1,472 retirees. Full-time City employees, in accordance with bargaining agreements, have moved from a Preferred Provider Organization Plan (PPO) to a High Deductible Health Plan (HDHP) with a Health Savings Account (HSA) and a partially employer-funded deductible. Annual escalation in healthcare claim expenses is assumed to be 7% from FY2027 through FY2030.

- Pension

In total, the City's pension budget increased by 1.9% from the FY2025 Adopted to the FY2026 Recommended Budget. Expenses for the City's Municipal Employees Retirement Plan (MERF) are budgeted based on actuarial valuation data; the pension amounts in the FY2026 Recommended Budget are based on a 6.75% rate of return. The City's calculated employer contribution of \$47.08 million for FY2026 is for the City's Police, Fire and Municipal employees. The Library and the Board of Education fund their respective employer contributions. The FY2026 Recommended Budget fully funds the total actuarially determined employer contribution (ADEC), as required by the City's contract assistance agreement with the State of Connecticut.

The FY2027-FY2030 Plan fully funds the municipal portion of the ADEC, with projections beyond FY2026 based on the most recent long-term projections of the ADEC provided by the City's actuarial firm. The total annual amounts for the municipal portion of the ADEC are \$45.94 million, \$47.55 million, \$45.86 million, and \$44.68 million during the four fiscal years from FY2027 to FY2030.

The City's Connecticut Municipal Employees Retirement System (CMERS) plan for the Local 1716 bargaining unit is funded at \$2.85 million in the FY2026 Recommended Budget with 3% escalation in the out-years.

Debt Service and Other Capital

Under the contract assistance agreement between the City and the State of Connecticut, principal and interest payments for existing acquired and restructured general obligation (GO) bonds will be paid by the

State of Connecticut. The FY2026-FY2030 Plan does not include the debt service for the City's existing general obligation bonded debt. The City will continue to service the Hartford Stadium Authority Revenue Bonds and therefore this debt service is appropriately budgeted within the debt service line item at \$4.6 million annually. The debt service line item also includes the GILOT (Grant in Lieu of Taxes) debt service related to a past CBRA (Connecticut Brownfields Redevelopment Authority) project with the University of Hartford.

For the first time since FY2016, the Debt Service and Other Capital line item includes funding for new general obligation debt issuance. This debt will be used to supplement funding for CIP projects and to lease or purchase vehicles, equipment, and technology. It is assumed that \$25 million of general obligation debt will be issued for critical infrastructure and amortized over a 20-year period, with an issue date of July 1, 2026 and an assumed interest rate of 5%. In addition, approximately \$25 million of lease purchase agreements will be used to replace aged Public Works heavy equipment, Fire apparatus and critical IT infrastructure upgrades.

Education

The City's education contribution to the Hartford Public Schools is projected to be flat in the Plan's out-years. The Hartford Public School System continues to receive additional funding directly through the Alliance Grants and other State and Federal grants.

Hartford Public Library

After a 5.1% increase in the FY2026 Recommended Budget, compared to the FY2025 Adopted Budget and primarily due to expenses associated with salaries and benefits, the Plan's out-years assume the City contribution to the Hartford Public to have a 1.8% annual escalation rate.

Utilities

The City uses data from multiple sources in projecting future utilities expenses. Expenses incurred in the current and prior fiscal years are analyzed and provided to an energy consultant for its reference in developing expense projections for specific accounts including electricity and piped gas. Energy pricing data from the U.S. Energy Information Administration (EIA) Web site, and specifically the organization's Short-Term Energy Outlook report and data that were exported on January 21, 2025, are reviewed and used to estimate escalation in utility costs. Estimated changes in consumption and existing contracts are among the additional information considered when projecting expenses.

Especially given the substantial price swings in some fuels and utilities over the past five years, rather than attempt to project this volatility from year to year, moderate and constant annual escalation rates were applied when projecting utility expenses during the FY2027-FY2030 period. Assumptions made for certain utilities accounts in developing the Five-Year Plan are summarized below.

- Electricity: For FY2026, the Recommended Budget reflects a 6.2% increase from the FY2025 Adopted Budget and likewise a 6.2% increase above projected FY2025 expenses. The annual escalation rate used for the FY2027-FY2030 period was 3.0%.
- Piped Heat and A/C: The FY2026 Recommended Budget for heated and chilled water supplied by Hartford Steam Company (HSC) is 8.4% higher than the FY2025 Adopted Budget and 11.0% higher than projected FY2025 expenses. A 3.0% annual escalation rate was used for the FY2027-FY2030 period.
- Piped Gas: The FY2026 Recommended Budget is 13.1% lower than the FY2025 Adopted Budget and 8.5% higher than projected FY2025 expenses. A 3.5% annual escalation rate was used for the FY2027-FY2030 period.
- Gasoline: For FY2026, the Recommended Budget for gasoline includes a 4.1% increase from the FY2025 Adopted Budget and a 0.4% increase from projected FY2025 expenses. An annual escalation rate of 3.0% was applied to the FY2027-FY2030 period.
- Diesel Fuel: The FY2026 Recommended Budget for diesel fuel is 19.3% lower than the FY2025 Adopted Budget and 12.9% higher than projected FY2025 expenses. The same average annual escalation rate of 3.0% that was applied to gasoline was also applied to diesel fuel in the FY2027-FY2030 period.
- Water: This account funds potable water supply and fire hydrant maintenance by the MDC (Metropolitan District Commission). The FY2026 Recommended Budget matches the FY2025 Adopted Budget and is 7.0% higher than projected FY2025 expenses. A 5.0% annual escalation rate was assumed for the FY2027-FY2030 period.
- Metropolitan District: This account funds payment of the tax on Hartford as a member municipality for sewer services. MDC allocations are developed on a calendar year basis and are based on the estimated property tax revenues for a 3-year period that are received by member municipalities. The FY2026 Recommended Budget is 0.6% higher than the FY2025 Adopted Budget amount and 1.0% higher than projected FY2025 expenses. An average annual escalation rate of 4.0% was assumed during the FY2027-FY2030 period.

FY2026 Recommended Budget and FY2027-FY2030 Forecast

City of Hartford - General Fund Revenue and Expenditure Summary

REVENUE CATEGORY	FY2026 RECOMMENDED	FY2027 FORECAST	FY2028 FORECAST	FY2029 FORECAST	FY2030 FORECAST
41 TAXES	(303,256,569)	(308,197,539)	(335,459,555)	(340,687,965)	(346,004,905)
42 LICENSES & PERMITS	(7,281,648)	(7,354,464)	(7,428,009)	(7,502,289)	(7,577,312)
43 FINES FORFEITS PENAL	(113,840)	(114,978)	(116,128)	(117,289)	(118,462)
44 INT & RENTAL INCOME	(7,859,659)	(7,868,256)	(7,876,938)	(7,885,708)	(7,894,565)
45 INTERGOVERNMENTAL	(297,942,749)	(297,979,983)	(298,017,590)	(298,055,573)	(298,093,936)
46 CHARGES FOR SERVICES	(3,725,602)	(3,762,858)	(3,800,487)	(3,838,491)	(3,876,876)
47 REIMBURSEMENTS	(111,448)	(112,562)	(113,688)	(114,825)	(115,973)
48 OTHER REVENUE	(164,273)	(165,916)	(167,575)	(169,251)	(170,943)
53 OTHER FINANCING SCRS	(5,865,200)	(5,923,852)	(5,983,091)	(6,042,921)	(6,103,351)
Grand Total	(626,320,988)	(631,480,409)	(658,963,061)	(664,414,313)	(669,956,323)

EXPENSE CATEGORY	FY2026 RECOMMENDED	FY2027 FORECAST	FY2028 FORECAST	FY2029 FORECAST	FY2030 FORECAST
PAYROLL	141,783,301	147,365,639	151,480,274	155,683,657	160,002,426
BENEFITS	106,820,091	103,229,466	107,735,840	109,272,974	111,545,116
DEBT	7,902,012	10,010,469	14,048,369	14,881,218	15,708,302
LIBRARY	9,997,627	10,174,469	10,356,856	10,545,053	10,739,338
MHIS	5,956,521	6,039,980	6,124,834	6,211,107	6,298,826
UTILITY	31,634,894	32,980,337	34,392,516	35,875,261	37,432,654
OTHER	38,213,268	37,625,722	38,020,981	38,422,198	38,829,532
EDUC	284,013,274	284,013,274	284,013,274	284,013,274	284,013,274
Grand Total	626,320,988	631,439,356	646,172,944	654,904,742	664,569,468

Revenues and Expenditures, Net	0	(41,053)	(12,790,117)	(9,509,571)	(5,386,855)
Surplus (Deficit)	0	41,053	12,790,117	9,509,571	5,386,855

FY2026 Recommended Budget and FY2027-FY2030 Forecast by Revenue Category

REVENUE CATEGORY	FY2026 RECOMMENDED	FY2027 FORECAST	FY2028 FORECAST	FY2029 FORECAST	FY2030 FORECAST
41 TAXES	(303,256,569)	(308,197,539)	(335,459,555)	(340,687,965)	(346,004,905)
CURRENT YEAR TAX LEVY	(292,706,569)	(297,489,289)	(324,590,681)	(329,656,059)	(334,807,520)
INTEREST AND LIENS	(5,200,000)	(5,278,000)	(5,357,170)	(5,437,528)	(5,519,090)
PRIOR YEAR LEVIES	(5,150,000)	(5,227,250)	(5,305,659)	(5,385,244)	(5,466,022)
TAX LIEN SALES	0	0	0	0	0
OTHER	(200,000)	(203,000)	(206,045)	(209,136)	(212,273)
42 LICENSES AND PERMITS	(7,281,648)	(7,354,464)	(7,428,009)	(7,502,289)	(7,577,312)
BUILDING PERMITS	(3,800,580)	(3,838,586)	(3,876,972)	(3,915,741)	(3,954,899)
ELECTRICAL PERMITS	(1,314,500)	(1,327,645)	(1,340,921)	(1,354,331)	(1,367,874)
FOOD & MILK DEALER LICENSES	(245,505)	(247,960)	(250,440)	(252,944)	(255,473)
MECHANICAL PERMITS	(841,280)	(849,693)	(858,190)	(866,772)	(875,439)
PLUMBING PERMITS	(462,704)	(467,331)	(472,004)	(476,724)	(481,492)
OTHER	(617,079)	(623,250)	(629,482)	(635,777)	(642,135)
43 FINES FORFEITS AND PENALTIES	(113,840)	(114,978)	(116,128)	(117,289)	(118,462)
FALSE ALARM CITATIONS-POL&FIRE	(100,000)	(101,000)	(102,010)	(103,030)	(104,060)
LAPSED LICENSE/LATE FEE	(7,100)	(7,171)	(7,243)	(7,315)	(7,388)
OTHER	(6,740)	(6,807)	(6,875)	(6,944)	(7,014)
44 INTEREST AND RENTAL INCOME	(7,859,659)	(7,868,256)	(7,876,938)	(7,885,708)	(7,894,565)
BILLINGS FORGE	(20,428)	(20,632)	(20,839)	(21,047)	(21,257)
CT CENTER FOR PERFORM ART	(50,000)	(50,500)	(51,005)	(51,515)	(52,030)
INTEREST	(7,000,000)	(7,000,000)	(7,000,000)	(7,000,000)	(7,000,000)
RENT OF PROP-ALL OTHER	(100,600)	(101,606)	(102,622)	(103,648)	(104,685)
RENTAL OF PARK PROPERTY	(38,500)	(38,885)	(39,274)	(39,667)	(40,063)
RENTAL OF PARKING LOTS	0	0	0	0	0
RENTAL OF PROP-FLOOD COMM	(99,360)	(100,354)	(101,357)	(102,371)	(103,394)
RENTAL-525 MAIN STREET	0	0	0	0	0
RENTS FROM TENANTS	(191,280)	(193,193)	(195,125)	(197,076)	(199,047)
SHEPHERD PARK	(124,207)	(125,449)	(126,704)	(127,971)	(129,250)
THE RICHARDSON BUILDING	(199,140)	(201,131)	(203,143)	(205,174)	(207,226)
UNDERWOOD TOWER PILOT	(36,144)	(36,505)	(36,870)	(37,239)	(37,612)

REVENUE CATEGORY	FY2026 RECOMMENDED	FY2027 FORECAST	FY2028 FORECAST	FY2029 FORECAST	FY2030 FORECAST
45 INTERGOVERNMENTAL	(297,942,749)	(297,979,983)	(298,017,590)	(298,055,573)	(298,093,936)
MUNICIPAL AID	(294,124,257)	(294,124,257)	(294,124,257)	(294,124,257)	(294,124,257)
CAR TAX SUPPL MRSF REV SHARING	(21,447,475)	(21,447,475)	(21,447,475)	(21,447,475)	(21,447,475)
EDUCATION COST SHARING	(187,974,890)	(187,974,890)	(187,974,890)	(187,974,890)	(187,974,890)
HIGHWAY GRANT	(1,162,089)	(1,162,089)	(1,162,089)	(1,162,089)	(1,162,089)
MASHANTUCKET PEQUOT FUND	(6,136,523)	(6,136,523)	(6,136,523)	(6,136,523)	(6,136,523)
MRSA BONDED DISTRIBUTION GRANT	(1,419,161)	(1,419,161)	(1,419,161)	(1,419,161)	(1,419,161)
MRSF SELECT PILOT	(15,792,632)	(15,792,632)	(15,792,632)	(15,792,632)	(15,792,632)
PRIV TAX EXEMPT PROPERTY	(60,191,487)	(60,191,487)	(60,191,487)	(60,191,487)	(60,191,487)
OTHER MUNICIPAL AID	0	0	0	0	0
STATE CONTRACT ASSISTANCE	0	0	0	0	0
OTHER STATE REVENUES	(87,045)	(87,045)	(87,045)	(87,045)	(87,045)
JUDICIAL BRANCH REV DISTRIB.	(66,947)	(66,947)	(66,947)	(66,947)	(66,947)
VETERANS EXEMPTIONS	(20,098)	(20,098)	(20,098)	(20,098)	(20,098)
PILOTS, MIRA & OTHER INTERGOVERNMENTAL	(3,723,447)	(3,760,681)	(3,798,288)	(3,836,271)	(3,874,634)
DISABIL EXEMPT-SOC SEC	(7,262)	(7,335)	(7,408)	(7,482)	(7,557)
GR REC TAX-PARI MUTUEL	(165,714)	(167,371)	(169,045)	(170,735)	(172,443)
HEALTH&WELFARE-PRIV SCH	(54,629)	(55,175)	(55,727)	(56,284)	(56,847)
PHONE ACCESS LN TAX SH	(778,518)	(786,303)	(794,166)	(802,108)	(810,129)
PILOT CHURCH HOMES INC	(126,588)	(127,854)	(129,132)	(130,424)	(131,728)
PILOT FOR CT CTR FOR PERF	(418,761)	(422,949)	(427,178)	(431,450)	(435,764)
PILOT FOR HARTFORD 21	(500,000)	(505,000)	(510,050)	(515,151)	(520,302)
PILOT HARTFORD HILTON	(390,000)	(393,900)	(397,839)	(401,817)	(405,836)
PILOT HARTFORD MARRIOTT	(700,000)	(707,000)	(714,070)	(721,211)	(728,423)
PILOT-PARK AND MAIN	(136,000)	(137,360)	(138,734)	(140,121)	(141,522)
PILOT-PENNANT N CROSSING	(420,975)	(425,185)	(429,437)	(433,731)	(438,068)
PILOT TRINITY COLLEGE	(25,000)	(25,250)	(25,503)	(25,758)	(26,015)
OTHER	(8,000)	(8,000)	(8,000)	(8,000)	(8,000)
STATE REIMBURSEMENTS	(8,000)	(8,000)	(8,000)	(8,000)	(8,000)
46 CHARGES FOR SERVICES	(3,725,602)	(3,762,858)	(3,800,487)	(3,838,491)	(3,876,876)
CONVEYANCE TAX	(1,600,000)	(1,616,000)	(1,632,160)	(1,648,482)	(1,664,966)
FILING RECORD-CERTIF FEES	(300,000)	(303,000)	(306,030)	(309,090)	(312,181)
TRANSCRIPT OF RECORDS	(598,226)	(604,208)	(610,250)	(616,353)	(622,516)
OTHER	(1,227,376)	(1,239,650)	(1,252,046)	(1,264,567)	(1,277,212)
47 REIMBURSEMENTS	(111,448)	(112,562)	(113,688)	(114,825)	(115,973)
ADVERTISING LOST DOGS	(453)	(458)	(462)	(467)	(471)
DOG ACCT-SALARY OF WARDEN	(2,105)	(2,126)	(2,147)	(2,169)	(2,190)
SECTION 8 MONITORING	(108,890)	(109,979)	(111,079)	(112,189)	(113,311)
OTHER	0	0	0	0	0
48 OTHER REVENUES	(164,273)	(165,916)	(167,575)	(169,251)	(170,943)
MISCELLANEOUS REVENUE	(148,941)	(150,430)	(151,935)	(153,454)	(154,989)
OVER & SHORT ACCOUNT	0	0	0	0	0
SALE OF DOGS	(6,849)	(6,917)	(6,987)	(7,057)	(7,127)
SETTLEMENTS - OTHER	(3,000)	(3,030)	(3,060)	(3,091)	(3,122)
OTHER	(5,483)	(5,538)	(5,593)	(5,649)	(5,706)
53 OTHER FINANCING SOURCES	(5,865,200)	(5,923,852)	(5,983,091)	(6,042,921)	(6,103,351)
DOWNTOWN NORTH (DONO)	(912,500)	(921,625)	(930,841)	(940,150)	(949,551)
REVENUE FROM HTFD PKG AUTHY	(2,002,700)	(2,022,727)	(2,042,954)	(2,063,384)	(2,084,018)
SPECIAL POLICE SERVICES	(2,950,000)	(2,979,500)	(3,009,295)	(3,039,388)	(3,069,782)
Grand Total	(626,320,988)	(631,480,409)	(658,963,061)	(664,414,313)	(669,956,323)

FY2026 Recommended Budget and FY2027-FY2030 Forecast Amounts by Major Category

EXPENSE CATEGORY	FY2026 RECOMMENDED	FY2027 FORECAST	FY2028 FORECAST	FY2029 FORECAST	FY2030 FORECAST
PAYROLL	141,783,301	147,365,639	151,480,274	155,683,657	160,002,426
FT	118,268,072	123,380,089	127,015,306	130,581,801	134,246,332
HOL	2,790,686	2,869,274	2,949,887	3,032,424	3,117,274
OT	18,247,166	18,614,125	18,987,908	19,516,988	20,060,853
PT	2,477,377	2,502,151	2,527,172	2,552,444	2,577,968
BENEFITS	106,820,091	103,229,466	107,735,840	109,272,974	111,545,116
1HEALTH	39,017,286	41,732,096	44,636,451	47,743,604	51,067,735
2MITIG	(2,490,000)	(5,328,019)	(5,673,255)	(6,011,960)	(6,359,860)
3PEN	52,759,068	51,765,780	53,533,996	51,999,850	50,985,483
3PEN	10,000	10,300	10,609	10,927	11,255
3PEN-CMERS	2,934,124	3,020,426	3,109,299	3,200,822	3,295,072
3PEN-MERF	47,082,000	45,938,000	47,551,000	45,857,000	44,678,000
3PEN-OTHER	595,946	595,946	595,946	595,946	595,946
3PEN-PAYOUT	2,136,998	2,201,108	2,267,141	2,335,155	2,405,210
4INSUR	6,126,570	6,249,101	6,374,083	6,501,565	6,631,596
FRINGE REIMBURSEMENTS	(2,947,953)	(3,017,534)	(3,188,741)	(3,244,360)	(3,300,950)
LIFE INSURANCE	241,455	248,699	256,160	263,844	271,760
OTHER BENEFITS	6,165,000	6,319,950	6,479,549	6,643,935	6,813,253
OTHER	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
SOC SEC	4,895,000	5,041,850	5,193,106	5,348,899	5,509,366
TUITION REIMBURSEMENT	20,000	20,600	21,218	21,855	22,510
UNEMPLOY COMP	250,000	257,500	265,225	273,182	281,377
WAGE	2,746,790	0	0	0	0
WORKERS COMP	5,201,875	5,259,394	5,317,598	5,376,496	5,436,097
DEBT	7,902,012	10,010,469	14,048,369	14,881,218	15,708,302
DEBT	7,902,012	10,010,469	14,048,369	14,881,218	15,708,302
CLEAN WATER	115,584	115,583	0	0	0
DONO	4,643,750	4,640,994	4,646,631	4,646,494	4,640,500
GILOT	220,128	224,531	229,021	233,602	238,274
GO BONDS - CURRENT	0	625,000	2,500,000	2,437,500	2,375,000
LEASE PURCHASE	0	1,781,811	2,672,717	3,563,622	4,454,528
PAY GO CAPEX	2,922,550	2,622,550	4,000,000	4,000,000	4,000,000
LIBRARY	9,997,627	10,174,469	10,356,856	10,545,053	10,739,338
MHIS	5,956,521	6,039,980	6,124,834	6,211,107	6,298,826
UTILITY	31,634,894	32,980,337	34,392,516	35,875,261	37,432,654
OTHER	38,213,268	37,625,722	38,020,981	38,422,198	38,829,532
EDUC	284,013,274	284,013,274	284,013,274	284,013,274	284,013,274
Grand Total	626,320,988	631,439,356	646,172,944	654,904,742	664,569,468

FY2026 Recommended Budget and FY2027-FY2030 Forecast Amounts by Department

DEPARTMENT	FY2026 RECOMMENDED	FY2027 FORECAST	FY2028 FORECAST	FY2029 FORECAST	FY2030 FORECAST
00111 MAYOR'S OFFICE	904,391	925,663	939,232	953,003	966,979
00112 COURT OF COMMON COUNCIL	993,308	1,003,988	1,014,807	1,025,767	1,036,870
00113 TREASURER	582,913	599,996	613,056	626,443	640,164
00114 REGISTRARS OF VOTERS	605,994	615,598	624,134	632,805	641,610
00116 CORPORATION COUNSEL	1,779,637	1,806,412	1,833,594	1,861,190	1,889,206
00117 TOWN & CITY CLERK	1,121,331	1,149,750	1,173,015	1,196,800	1,221,118
00118 INTERNAL AUDIT	569,483	584,893	598,657	612,754	627,191
00119 CHIEF OPERATING OFFICER	1,956,341	2,069,410	2,185,897	2,219,011	2,252,652
00122 METRO HARTFORD INNOVATION SERV	5,956,521	6,039,980	6,124,834	6,211,107	6,298,826
00123 FINANCE	4,727,189	4,900,754	5,022,948	5,148,341	5,276,670
00125 HUMAN RESOURCES	2,221,397	2,253,737	2,283,151	2,313,003	2,357,502
00128 OFFICE OF MANAGEMENT & BUDGET	1,644,846	1,671,178	1,695,641	1,720,525	1,742,869
00132 CHILDREN FAMILY RECREATION	3,590,337	3,636,802	3,674,126	3,712,049	3,747,763
00142 SPORTS AND RECREATION	2,311,089	2,358,800	2,397,547	2,437,160	2,471,355
00211 FIRE	43,026,309	44,270,043	45,447,600	46,716,650	48,021,178
00212 POLICE	55,014,467	57,740,750	59,427,566	61,242,845	63,109,254
00213 EMERGENCY SERVICES & TELECOMMU	5,328,576	5,501,489	5,623,164	5,748,050	5,875,879
00311 PUBLIC WORKS	23,003,723	23,540,674	23,974,281	24,421,768	24,879,267
00420 DEVELOPMENT SERVICES	6,900,920	7,226,567	7,486,284	7,672,502	7,863,542
00520 HEALTH AND HUMAN SERVICES	6,429,271	6,590,372	6,701,716	6,815,965	6,933,115
00711 EDUCATION	284,013,274	284,013,274	284,013,274	284,013,274	284,013,274
00721 HARTFORD PUBLIC LIBRARY	9,997,627	10,174,469	10,356,856	10,545,053	10,739,338
00820 BENEFITS & INSURANCES	106,820,091	103,229,466	107,735,840	109,272,974	111,545,116
00821 DEBT SERVICE	7,902,012	10,010,469	14,048,369	14,881,218	15,708,302
00822 NON OP DEPT EXPENDITURES	48,919,941	49,524,824	51,177,355	52,904,487	54,710,427
Grand Total	626,320,988	631,439,356	646,172,944	654,904,742	664,569,468

FY2026 Recommended Budget and FY2027-FY2030 Forecast Amounts by Non-Operating Department

PROGRAM AND OBJECT (ACCOUNT)	FY2026 RECOMMENDED	FY2027 FORECAST	FY2028 FORECAST	FY2029 FORECAST	FY2030 FORECAST
822002 PAYMENT FOR COMMUNITY IMPACT	619,371	620,196	621,025	621,858	622,696
534098 OTHER TECH & PROF SERVICE	160,000	160,800	161,604	162,412	163,224
535028 HONORARIUM	5,000	5,025	5,050	5,075	5,101
589232 PUBLIC TV AND MEDIA	124,371	124,371	124,371	124,371	124,371
589271 CIVIC ENGAGEMENT	25,000	25,000	25,000	25,000	25,000
589272 HARTFORD NEXT	105,000	105,000	105,000	105,000	105,000
589273 UNIVERSAL REPRESENTATION NHLS	100,000	100,000	100,000	100,000	100,000
589274 HARTFORD DECIDES	100,000	100,000	100,000	100,000	100,000
822003 VEHICLES AND EQUIPMENT & TECH	3,070,185	3,070,185	3,070,185	3,070,185	3,070,185
573038 BODY CAMERAS - CEW'S	541,738	541,738	541,738	541,738	541,738
573040 IN-CAR CAMERAS	308,447	308,447	308,447	308,447	308,447
573044 CAMERA MAINTENANCE	190,000	190,000	190,000	190,000	190,000
577321 NEW LEASES AND PURCHASES	2,030,000	2,030,000	2,030,000	2,030,000	2,030,000
822004 PAYMENT TO GOVT AGENCY	205,697	205,697	205,697	205,697	205,697
589228 GRT HTFD TRANSIT DISTRICT	23,001	23,001	23,001	23,001	23,001
589229 PROBATE COURT	58,000	58,000	58,000	58,000	58,000
589230 PAYMENT TO GOVTL AGENCIES	4,000	4,000	4,000	4,000	4,000
589246 NATL LEAGUE OF CITIES	10,597	10,597	10,597	10,597	10,597
589248 US CONFERENCE OF MAYORS	10,099	10,099	10,099	10,099	10,099
589250 BUSINESS IMPROVEMENT DISTRICT	100,000	100,000	100,000	100,000	100,000
822005 LEASE PAYMENTS	1,978,002	2,038,527	2,101,078	2,165,722	2,232,533
544003 RENTAL 250 & 260 CONSTITUTION	1,576,697	1,631,881	1,688,997	1,748,112	1,809,296
544004 RENTAL OF OFFICES	222,305	226,751	231,286	235,912	240,630
544024 COPIER MACHINE	179,000	179,895	180,794	181,698	182,607
822006 PAY OUTSIDE AGENCIES & OTHERS	5,954,008	6,072,190	6,197,862	6,323,951	6,450,464
534028 STAFF TRAINING SERVICES	120,000	120,000	120,000	120,000	120,000
534070 CONTRACT CONSULTANT SERV	500,000	502,500	505,013	507,538	510,075
534098 OTHER TECH & PROF SERVICE	200,000	201,000	202,005	203,015	204,030
543000 REPAIRS AND MAINTENANCE	555,000	557,775	560,564	563,367	566,184
544202 ELECTIONS EXPENSES	346,926	353,865	360,942	368,161	375,524
554000 ADVERTISING	30,000	30,150	30,301	30,452	30,605
588999 CONTINGENCY FUND	3,607,082	3,700,000	3,800,000	3,900,000	4,000,000
589254 SINGLE AUDIT FIN SVCS	185,000	188,700	192,474	196,323	200,250
589256 TENS	410,000	418,200	426,564	435,095	443,797
822007 CLIENT SERVER TECHNOLOGY	450,158	152,409	153,171	153,937	154,706
534098 OTHER TECH & PROF SERVICE	450,158	152,409	153,171	153,937	154,706

PROGRAM AND OBJECT (ACCOUNT)	FY2026 RECOMMENDED	FY2027 FORECAST	FY2028 FORECAST	FY2029 FORECAST	FY2030 FORECAST
822008 FUEL UTILITY & TIP FEE PMT	31,702,849	33,050,331	34,464,609	35,949,517	37,509,138
534031 OPERATIONS & MANAGEMENT	67,955	69,994	72,093	74,256	76,484
534070 CONTRACT CONSULTANT SERV	282,000	283,410	284,827	286,251	287,682
534098 OTHER TECH & PROF SERVICE	598,000	600,990	603,995	607,015	610,050
562000 ELECTRICITY	5,055,100	5,206,753	5,362,956	5,523,844	5,689,560
562024 PIPED HEAT & A/C	1,022,000	1,052,660	1,084,240	1,116,767	1,150,270
562028 FUEL OIL HEATING	3,000	3,090	3,183	3,278	3,377
562600 PIPED GAS	898,300	929,741	962,281	995,961	1,030,820
562625 GASOLINE	1,307,000	1,346,210	1,386,596	1,428,194	1,471,040
562627 DIESEL FUEL	559,000	575,770	593,043	610,834	629,159
562923 WATER	1,898,500	1,993,425	2,093,096	2,197,751	2,307,639
566263 FUEL CELL LEASE	273,000	273,000	273,000	273,000	273,000
589226 METROPOLITAN DISTRICT	13,861,694	14,416,162	14,992,808	15,592,521	16,216,221
590050 OTHER DISPOSAL FEES	2,306,300	2,513,867	2,740,115	2,986,725	3,255,531
590053 TIPPING FEES (CRRRA)	3,571,000	3,785,260	4,012,376	4,253,118	4,508,305
822009 LEGAL EXPENSES AND SETTLEMNTS	4,659,000	4,034,618	4,083,057	4,132,948	4,184,337
534010 LEGAL SERVICES	2,239,000	1,614,618	1,663,057	1,712,948	1,764,337
589371 SETTLEMENTS	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
589373 PY TAX REFUNDS	850,000	850,000	850,000	850,000	850,000
590040 FEES-CRT RECORD LICEN INS	70,000	70,000	70,000	70,000	70,000
822013 ADVOCACY	280,671	280,671	280,671	280,671	280,671
589227 CAP REG COUN OF GOVERN	85,922	85,922	85,922	85,922	85,922
589245 CCM	84,749	84,749	84,749	84,749	84,749
589252 LEGISLATIVE SVCS	110,000	110,000	110,000	110,000	110,000
Grand Total	48,919,941	49,524,824	51,177,355	52,904,487	54,710,427

CITY OF HARTFORD

Budget Mitigation Measures

Major Initiatives

The following are among major initiatives underway that are expected to have a significant favorable impact on City finances.

Education

Over the last several years, Hartford Public Schools (HPS) has faced considerable challenges meeting the financial demands imposed by rising transportation, tuition, and special education costs, as well as the expiration of funding streams related to the COVID-19 pandemic. The City has taken steps to help mitigate projected Board of Education (BOE) budget deficits in the near term, while more long-term solutions are sought to make the BOE financially secure. Beginning in the current fiscal year, the City absorbed \$1 million of BOE expense for school crossing guards in the operating budget. For FY2026, the City is committing \$3 million from current year surplus to bridge the BOE budget while the City and HPS collaborate to identify efficiencies and opportunities for consolidation of back-office functions. Over the course of FY2026, the City and HPS will identify areas for consolidation that can be built into the FY2027 budget. In addition, the Mayor's Blue Ribbon Commission for Hartford Education recently issued its report, recommending, among other initiatives, "a facilities audit, to determine where it makes sense to invest and where district reconfiguration may help to provide a more effective and efficient system."

Shared Services with East Hartford

Beginning in late calendar year 2024, the City of Hartford and Town of East Hartford, with the support of CROCOG and the State's Regional Performance Incentive Program (RPIP), have jointly explored opportunities for centralized or consolidated services. A task force of three committees has been reviewing and evaluating operations across all functional areas to identify opportunities for operational efficiencies, service quality enhancements, or cost savings. The task force has completed the first phase of its review and is selecting one to two operations to serve as pilot projects. The long-term initiative will require establishing a governance structure, institutionalization of data tracking and performance measurement, and plans for sustainability.

Debt and Capital

Since entering into the Contract for Financial Assistance with the State of Connecticut in 2018, the City has relied on pay-as-you-go funding to support its capital needs. While the City has been able to sustain a limited level capital improvement plan funded by budgeted contributions to the Capital Fund supplemented by use of operating surpluses, certain investments in critical infrastructure and capital equipment replacement have been deferred. In order to address a portion of the backlog in capital improvements and equipment, the 5-Year Plan for FY2026-FY2030 incorporates planned borrowing for which the City will be seeking approval from the Secretary of OPM and the State Treasurer, as well as City Council. There are two components to the planned borrowing:

- Lease-Purchase of Fire Apparatus, Public Works Heavy Equipment and IT Infrastructure: A total of \$25 million of lease purchase acquisition. The projections assume 7-year lease purchases at an interest rate of 5.85%.
- General Obligation Bonds for Critical Infrastructure: The projections include debt service on a \$25 million bond issuance amortized over 20 years at an interest rate of 5%. Bonded projects would be limited to core infrastructure, such as roads, sidewalks, traffic signals, streetlight replacement, etc.

The next steps in developing the borrowing plan entail engaging with a bond advisor to recommend method of sale, structure, and timing of issuance. As part of the borrowing plan, the City will also adhere to the City's Debt Policy regarding debt structuring, issuance and management.

Economic Development

The City's ability to sustainably and adequately fund municipal operations will rely in part on growing its tax base and attracting new residents with quality housing opportunities. Expanding the supply of market rate and workforce housing has been one of the City's major economic development strategies to attract workers and families. At the same time, the City continues to rehabilitate existing affordable housing and create new affordable housing.

While most development agreements entered into by the City involve a period of tax abatement, these projects provide additional income through PILOT payments to the City during the abatement period.

Eleven development agreements are currently at various stages of finalization or construction. In total, these projects are projected to result in approximately 1,000 new housing units. While the benefit to the taxable grand list will not be fully realized until after the tax abatement period, in the near term, these projects will provide approximately \$1 million in new PILOT income to the City within the five-year planning horizon.

Collaborate with Treasurer on Long-Term Pension Liability Reduction

Annual contributions to the City of Hartford MERF, inclusive of BOE and the Library, comprise 8.8% of the total General Fund budget in FY2025, and the total ADEC for FY2026 represents 8.9% of the General Fund budget. The most recent multi-year projections from the City's actuarial firm suggest the ADEC will fluctuate within a range of \$52.5 million to \$56.7 million over the five-year planning period.

Given its relative share of the budget, pension expense represents an area of significant potential to help manage General Fund expenditures. To this end, the City Treasurer's Office has agreed to collaborate with the Mayor's Office in exploring possible administrative initiatives to reduce the Pension Fund's liability and moderate the growth of future ADEC payments. This effort may also involve analyzing the possibility of transitioning certain groups to the State-run retirement plan for municipalities.

A committee to review options for moderating the long-term pension liability has been formed and has met several times to begin building a scope of work for actuarial and other contractual services.

Other Initiatives

The City continues to work on various other initiatives intended to generate additional favorability in future revenues and expenditures.

Energy Savings Performance Contracting

The City is participating in the Connecticut Conference of Municipality's Energy Savings Performance Contracting program. The goals of the program include reducing operating costs of City and school facilities, improving the maintenance and operation of the facilities, and improving facility environmental conditions. Upgrades will be financed with the energy savings resulting from projects. Once capital costs have been covered, the full energy savings accrue to the City. Energia has completed its first phase of the energy audit and will be presenting findings to the City in late August. Those findings will be the basis for a proposed package of energy efficiency upgrades to be implemented through performance contracting.

Virtual Net Metering

Through the State's Virtual Net Metering Program, the City has partnered to support large-scale solar installations that benefit Hartford. Under the State's Non-Residential Renewable Energy Solutions (NRES) program, the City has recently been awarded additional solar projects that are expected to generate solar energy as an offset to the City's electricity consumption. A total of 17 NRES projects are anticipated to come online by the end of FY2027 generating more than \$500,000 in savings per year.

Expanding Solar on City Owned Property

The City is currently working with a developer to implement a 4MW solar array on the former North Meadows landfill. In addition, the City has received an NRES award to support installation of solar on the roof of Weaver High School (target date Fall 2025) and is pursuing similar projects at other school locations. The Weaver High School and landfill projects alone are projected to generate savings of more than \$200,000 per year.

Fire Service Billing

Many municipalities bill insurance companies for the cost that Fire departments incur when responding to fire calls. The City began researching policies and exploring the feasibility and revenue potential of such a program this past year. A draft ordinance has been developed and is currently under review. Depending on the final structure of the ordinance, Fire Service billing is projected to generate \$525,000 or more per year. Revenues generated by Fire Service billing may be used as a supplemental source of funding for Fire apparatus or Fire Department capital needs.

City of Hartford

5-Year Plan: PA 25-174

Assumptions

Revenue Assumptions

General Property Taxes are a major source of revenue for the City. The tax revenue projection for the FY2026-FY2031 budget contains the following assumptions:

- Mill rate of 68.95 for all property types, except for Motor Vehicles, which are at the statutorily capped rate of 32.46 mills through FY2031.
- FY2026 Tax Collections are based on the October 2024 Grand List and reflect the recently authorized local option for motor vehicle value depreciation schedule.
- The Grand List is assumed to increase by 1.5% per year for real estate, personal property and motor vehicles, with the exception of real estate in FY2028.
 - Real estate values in FY2028 will be based on the October 2026 revaluation. Recent sales data analyzed by the City Assessor indicates a 13.97% increase in real estate property value compared to the last revaluation. Projections for FY2028 taxes assume a 13.97% increase in real estate values, less \$150 million contingency for tax appeals.
- Tax collection rate of 95.46% based on the average of three previous fiscal years (96.09% in FY2022, 95.07% in FY2023, and 95.22% in FY2024) from the City's ACFR - Annual Comprehensive Financial Report)

Intergovernmental Revenue consists primarily of State Aid to the City and is a major source of revenue for the City. In FY2026, Intergovernmental Revenue accounts for 47.5% of total General Fund revenue (the State Aid component represents 47% of total GF revenue). FY2026 State Aid is based on the Governor's Recommended Budget. FY2027-FY2031 assume no changes in State Aid.

Note: The supplemental grants-in-aid funding is not included as a revenue in the projections.

Permits, Licenses, Fines, Charges for Services revenues in the FY2026 Recommended Budget reflect a 5.5% increase above FY2025 Adopted Budget amounts, attributable largely to revenue from permitting activity. Overall, this category is projected to increase by 1.0% per year from FY2027 through FY2031.

Income from Investments primarily consists of rental/lease and short-term investment income. The FY2026 Recommended Budget for this category includes a 9.8% decrease in revenues, compared to the FY2025 Adopted Budget, due to 12.5% lower interest income. It is projected that category revenues will remain nearly flat in the FY2027-FY2031 period, increasing by only 0.1% annually.

Other Operating Revenues include the sale of development properties and other miscellaneous revenues. The City does not budget for asset sales as an operating revenue. Revenues for this category are 50.6% lower in the FY2026 Recommended Budget than in the FY2025 Adopted Budget as a result of the end of participation in a rebate program. This category escalates at a 1.0% annual rate from FY2027 to FY2031.

Other Financing Sources include transfers from other funds. For this category, the FY2026 Recommended Budget is 1.4% lower than for the FY2025 Adopted Budget due to a projected 12.3% decrease in the revenue from the Hartford Parking Authority, which passes the net operating income to the General Fund. Category revenue is projected to increase at a 1.0% annual rate in the FY2027-FY2030 period.

The Use of Fund Balance shown in FY2025 reflects the planned use of Assigned Fund Balance from prior years. These uses of Assigned Fund Balance established reserve accounts for several City-wide initiatives and to offset potential future tax appeal settlements.

Expenditure Assumptions

Payroll/Personnel Services

Payroll is a broad expenditure line item that includes salary expenses for full-time, part-time, and seasonal workers, as well as other associated costs including, but not limited to, overtime, holiday pay, and shift differential. For the FY2026 to FY2030 period, Payroll/Personnel Services in operating departments is projected to increase annually by 3.1% on average. The FY2026 Recommended Budget includes a headcount of 1,518; expenditures in the Plan are based on an assumed level headcount. Historical attrition and vacancy rates also have been factored into the 5-Year Plan.

Benefits and Insurance

In the FY2026 Recommended Budget, expenses in Benefits & Insurances, which includes health insurance, pension, property and liability insurances, workers' compensation and other benefits, are projected to increase by 6.9% due to health benefit costs, wage reserve and cashouts, offset by decreases in insurance premiums. This category also includes the attrition factor for non-Public Safety departments for the five-year planning period. Attrition is based on historical vacancy savings from FY2018-FY2024.

- **Health**

The City has a self-insured health model, and the Health Benefits budget reflects the net medical, pharmacy and dental costs after employee contributions for approximately 2,452 active members and 1,472 retirees. Full-time City employees, in accordance with bargaining agreements, have moved from a Preferred Provider Organization Plan (PPO) to a High Deductible Health Plan (HDHP) with a Health Savings Account (HSA) and a partially employer-funded deductible. Annual escalation in healthcare claim expenses is assumed to be 7% from FY2027 through FY2031.

- Pension

In total, the City's pension budget increased by 1.9% from the FY2025 Adopted to the FY2026 Recommended Budget. Expenses for the City's Municipal Employees Retirement Plan (MERF) are budgeted based on actuarial valuation data; the pension amounts in the FY2026 Recommended Budget are based on a 6.75% rate of return. The City's calculated employer contribution of \$47.08 million for FY2026 is for the City's Police, Fire and Municipal employees. The Library and the Board of Education fund their respective employer contributions. The FY2026 Recommended Budget fully funds the total actuarially determined employer contribution (ADEC), as required by the City's contract assistance agreement with the State of Connecticut.

The FY2027-FY2031 Plan fully funds the municipal portion of the ADEC, with projections beyond FY2026 based on the most recent long-term projections of the ADEC provided by the City's actuarial firm. The total annual amounts for the municipal portion of the ADEC are \$45.94 million, \$47.55 million, \$45.86 million, \$44.68 million, and \$44.16 million during the four fiscal years from FY2027 to FY2031.

The City's Connecticut Municipal Employees Retirement System (CMERS) plan for the Local 1716 bargaining unit is funded at \$2.85 million in the FY2026 Recommended Budget with 3% escalation in the out-years.

Debt Service and Other Capital

Under the contract assistance agreement between the City and the State of Connecticut, principal and interest payments for existing acquired and restructured general obligation (GO) bonds will be paid by the State of Connecticut. The FY2026-FY2030 Plan does not include the debt service for the City's existing general obligation bonded debt. The City will continue to service the Hartford Stadium Authority Revenue Bonds and therefore this debt service is appropriately budgeted within the debt service line item at \$4.6 million annually. The debt service line item also includes the GILOT (Grant in Lieu of Taxes) debt service related to a past CBRA (Connecticut Brownfields Redevelopment Authority) project with the University of Hartford.

For the first time since FY2016, the Debt Service and Other Capital line item includes funding for new debt issuance. This debt will be used to supplement funding for CIP projects and to lease or purchase vehicles, equipment, and technology. It is assumed that \$25 million of general obligation debt will be issued for critical infrastructure and amortized over a 20-year period, with an issue date of July 1, 2026 and an assumed interest rate of 5%. In addition, approximately \$25 million of lease purchase agreements will be used to replace aged Public Works heavy equipment, Fire apparatus and critical IT infrastructure upgrades.

Education

The City's education contribution to the Hartford Public Schools is projected to be flat in the Plan's out-years. The Hartford Public School System continues to receive additional funding directly through the Alliance Grants and other State and Federal grants.

Hartford Public Library

After a 5.1% increase in the FY2026 Recommended Budget, compared to the FY2025 Adopted Budget and primarily due to expenses associated with salaries and benefits, the Plan's out-years assume the City contribution to the Hartford Public to have a 1.8% annual escalation rate.

Utilities

The City uses data from multiple sources in projecting future utilities expenses. Expenses incurred in the current and prior fiscal years are analyzed and provided to an energy consultant for its reference in developing expense projections for specific accounts including electricity and piped gas. Energy pricing data from the U.S. Energy Information Administration (EIA) Web site, and specifically the organization's Short-Term Energy Outlook report and data that were exported on January 21, 2025, are reviewed and used to estimate escalation in utility costs. Estimated changes in consumption and existing contracts are among the additional information considered when projecting expenses.

Especially given the substantial price swings in some fuels and utilities over the past five years, rather than attempt to project this volatility from year to year, moderate and constant annual escalation rates were applied when projecting utility expenses during the FY2027-FY2031 period. Assumptions made for certain utilities accounts in developing the Five-Year Plan are summarized below.

- Electricity: For FY2026, the Recommended Budget reflects a 6.2% increase from the FY2025 Adopted Budget and likewise a 6.2% increase above projected FY2025 expenses. The annual escalation rate used for the FY2027-FY2031 period was 3.0%.
- Piped Heat and A/C: The FY2026 Recommended Budget for heated and chilled water supplied by Hartford Steam Company (HSC) is 8.4% higher than the FY2025 Adopted Budget and 11.0% higher than projected FY2025 expenses. A 3.0% annual escalation rate was used for the FY2027-FY2031 period.
- Piped Gas: The FY2026 Recommended Budget is 13.1% lower than the FY2025 Adopted Budget and 8.5% higher than projected FY2025 expenses. A 3.5% annual escalation rate was used for the FY2027-FY2031 period.
- Gasoline: For FY2026, the Recommended Budget for gasoline includes a 4.1% increase from the FY2025 Adopted Budget and a 0.4% increase from projected FY2025 expenses. An annual escalation rate of 3.0% was applied to the FY2027-FY2031 period.

- Diesel Fuel: The FY2026 Recommended Budget for diesel fuel is 19.3% lower than the FY2025 Adopted Budget and 12.9% higher than projected FY2025 expenses. The same average annual escalation rate of 3.0% that was applied to gasoline was also applied to diesel fuel in the FY2027-FY2031 period.
- Water: This account funds potable water supply and fire hydrant maintenance by the MDC (Metropolitan District Commission). The FY2026 Recommended Budget matches the FY2025 Adopted Budget and is 7.0% higher than projected FY2025 expenses. A 5.0% annual escalation rate was assumed for the FY2027-FY2031 period.
- Metropolitan District: This account funds payment of the tax on Hartford as a member municipality for sewer services. MDC allocations are developed on a calendar year basis and are based on the estimated property tax revenues for a 3-year period that are received by member municipalities. The FY2026 Recommended Budget is 0.6% higher than the FY2025 Adopted Budget amount and 1.0% higher than projected FY2025 expenses. An average annual escalation rate of 4.0% was assumed during the FY2027-FY2031 period.

City of Hartford: 5-Year Plan for PA 25-174

	FY 2024	FY 2025	FY 2025	FY 2026	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
	Audited Actual	Amended Budget	Projected Actual	Adopted Budget	Projected Actual	Projected	Projected	Projected	Projected	Projected
Revenues										
<u>Recurring</u>										
Property Taxes	310,347,000	299,433,841	305,833,841	303,256,569	303,256,569	308,197,539	335,459,555	340,687,965	346,004,905	351,401,249
Intergovernmental	301,861,000	298,760,849	298,760,849	297,942,749	297,942,749	297,979,983	298,017,590	298,055,573	298,093,936	298,132,688
Permits, Licenses, Fines, Charges for Services	16,057,000	10,645,652	10,895,652	11,232,538	11,232,538	11,344,863	11,458,312	11,572,895	11,688,624	11,805,510
Income from Investments	11,655,000	8,714,259	9,714,259	7,859,659	7,859,659	7,868,256	7,876,938	7,885,708	7,894,565	7,903,249
Other Operating Revenues	1,002,000	332,866	332,866	164,273	164,273	165,916	167,575	169,251	170,943	172,653
Total Revenue (other than non-recurring)	640,922,000	617,887,467	625,537,467	620,455,788	620,455,788	625,556,557	652,979,970	658,371,392	663,852,973	669,415,348
<u>Non-Recurrng</u>										
Unbudgeted PILOT Payment from MIRA	-	-	1,500,000	-	-	-	-	-	-	-
Total Non-recurring Revenue	-	-	1,500,000	-	-	-	-	-	-	-
Total Revenues (recurring and non-recurring)	640,922,000	617,887,467	627,037,467	620,455,788	620,455,788	625,556,557	652,979,970	658,371,392	663,852,973	669,415,348
Other Financing Sources										
Use of Assigned Fund Balance	-	27,980,000	27,980,000	-	-	-	-	-	-	-
Transfers In	5,858,000	5,945,500	5,945,500	5,865,200	5,865,200	5,923,852	5,983,091	6,042,921	6,103,351	6,103,350.64
Other	-	-	-	-	-	-	-	-	-	-
Total Other Financing Sources	5,858,000	33,925,500	33,925,500	5,865,200	5,865,200	5,923,852	5,983,091	6,042,921	6,103,351	6,103,351
Total Revenues and Other Financing Sources	646,780,000	651,812,967	660,962,967	626,320,988	626,320,988	631,480,409	658,963,061	664,414,313	669,956,323	675,518,699
Expenditures										
<u>Recurring</u>										
Municipal Operating Expenditures										
Mayor's Office	804,000	853,202	862,378	904,391	904,391	925,663	939,232	953,003	966,979	981,159
City Council	683,000	978,077	929,568	993,308	993,308	1,003,988	1,014,807	1,025,767	1,036,870	1,048,093
Treasurer	379,000	549,250	507,567	582,913	582,913	599,996	613,056	626,443	640,164	654,185
Registrar of Voters	840,000	932,844	922,601	605,994	605,994	615,598	624,134	632,805	641,610	650,538
Corporation Counsel	1,475,000	1,709,616	1,531,120	1,779,637	1,779,637	1,806,412	1,833,594	1,861,190	1,889,206	1,917,644
Town & City Clerk	890,000	1,076,067	884,781	1,121,331	1,121,331	1,149,750	1,173,015	1,196,800	1,221,118	1,245,930
Internal Audit	530,000	554,861	546,345	569,483	569,483	584,893	598,657	612,754	627,191	641,969
Chief Operating Officer	1,362,000	1,547,904	1,299,276	1,956,341	1,956,341	2,069,410	2,185,897	2,219,011	2,252,652	2,286,802
Finance	3,949,000	4,400,078	4,065,015	4,727,189	4,727,189	4,900,754	5,022,948	5,148,341	5,276,670	5,408,198
Human Resources	1,474,000	2,217,985	2,048,241	2,221,397	2,221,397	2,253,737	2,283,151	2,313,003	2,357,502	2,402,858
Office of Management & Budget	1,443,000	1,605,967	1,573,043	1,644,846	1,644,846	1,671,178	1,695,641	1,720,525	1,742,869	1,765,502
Dept. of Families, Children, Youth	4,620,000	3,399,501	3,161,314	3,590,337	3,590,337	3,636,802	3,674,126	3,712,049	3,747,763	3,783,821
Sports and Recreation	-	2,283,649	2,279,854	2,311,089	2,311,089	2,358,800	2,397,547	2,437,160	2,471,355	2,506,031
Fire Department	41,650,000	41,485,004	42,928,154	43,026,309	43,026,309	44,270,043	45,447,600	46,716,650	48,021,178	49,362,135
Police Department	50,398,000	54,867,897	51,031,964	55,014,467	55,014,467	57,740,750	59,427,566	61,242,845	63,109,254	65,032,544
Emergency Services & Telecommunications	5,290,000	5,300,745	5,213,788	5,328,576	5,328,576	5,501,489	5,623,164	5,748,050	5,875,879	6,006,551
Public Works	21,290,000	22,373,066	22,551,585	23,003,723	23,003,723	23,540,674	23,974,281	24,421,768	24,879,267	25,345,337
Development Services	5,827,000	7,472,383	6,768,667	6,900,920	6,900,920	7,226,567	7,486,284	7,672,502	7,863,542	8,059,338
Health and Human Services	5,078,000	6,221,324	5,657,196	6,429,271	6,429,271	6,590,372	6,701,716	6,815,965	6,933,115	7,052,279
Non-Operating	59,089,000	42,763,014	42,302,538	45,312,859	45,312,859	45,824,824	47,377,355	49,004,487	50,710,427	52,475,755
Subtotal: Municipal Operating Expenditures	207,071,000	202,592,434	197,064,995	208,024,381	208,024,381	214,271,699	220,093,771	226,081,116	232,264,612	238,626,670

City of Hartford: 5-Year Plan for PA 25-174

	FY 2024	FY 2025	FY 2025	FY 2026	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
	Audited Actual	Amended Budget	Projected Actual	Adopted Budget	Projected Actual	Projected	Projected	Projected	Projected	Projected
Education Operating Expenditures										
Certified Salaries	73,730,326	64,076,693	64,076,693	62,577,139	62,577,139	62,577,139	62,577,139	62,577,139	62,577,139	62,577,139
Non-Certified Salaries	36,363,752	41,104,630	41,104,630	31,673,396	31,673,396	31,673,396	31,673,396	31,673,396	31,673,396	31,673,396
Professional Contracts and Services	8,912,935	10,346,841	10,346,841	4,318,975	4,318,975	4,318,975	4,318,975	4,318,975	4,318,975	4,318,975
Purchased Property Services	7,008,961	7,847,345	7,847,345	7,193,288	7,193,288	7,193,288	7,193,288	7,193,288	7,193,288	7,193,288
Transportation	28,971,999	29,095,368	29,095,368	36,211,182	36,211,182	36,211,182	36,211,182	36,211,182	36,211,182	36,211,182
Tuition	99,397,727	87,357,549	87,357,549	100,359,277	100,359,277	100,359,277	100,359,277	100,359,277	100,359,277	100,359,277
Other Systemwide Purchased Services	4,306,881	2,526,033	2,526,033	1,365,367	1,365,367	1,365,367	1,365,367	1,365,367	1,365,367	1,365,367
Supplies and Materials	7,762,167	9,245,794	9,245,794	10,698,382	10,698,382	10,698,382	10,698,382	10,698,382	10,698,382	10,698,382
Equipment	355,198	495,525	495,525	216,628	216,628	216,628	216,628	216,628	216,628	216,628
Other Miscellaneous	673,526	(873,291)	(873,291)	1,720,480	1,720,480	1,720,480	1,720,480	1,720,480	1,720,480	1,720,480
Indirect	(3,014,433)	(1,883,282)	(1,883,282)	(1,313,902)	(1,313,902)	(1,313,902)	(1,313,902)	(1,313,902)	(1,313,902)	(1,313,902)
Subtotal: Education Operating Expenditures	264,469,039	249,339,205	249,339,205	255,020,212	255,020,212	255,020,212	255,020,212	255,020,212	255,020,212	255,020,212
Municipal Employee Benefits										
Defined Benefit Pension	-	51,768,917	51,768,917	52,759,068	52,759,068	51,765,780	53,533,996	51,999,850	50,985,483	50,634,830
Health Insurance	-	31,498,672	32,748,672	39,017,286	39,017,286	41,732,096	44,636,451	47,743,604	51,067,735	54,623,308
Other Employee Benefits	76,834,000	4,638,040	4,429,040	6,205,292	6,205,292	3,551,115	3,546,968	3,663,419	3,784,063	3,908,680
Attrition	-	(2,240,000)	-	(2,490,000)	(2,490,000)	(5,328,019)	(5,673,255)	(6,011,960)	(6,359,860)	(6,359,860)
Subtotal: Municipal Employee Benefits	76,834,000	85,665,629	88,946,629	95,491,646	95,491,646	91,720,971	96,044,159	97,394,913	99,477,422	102,806,958
Education Employee Benefits										
Fringe Benefits Certified	-	17,301,904	17,301,904	14,515,611	14,515,611	14,515,611	14,515,611	14,515,611	14,515,611	14,515,611
Fringe Benefits Non-Certified	-	17,372,165	17,372,165	14,477,451	14,477,451	14,477,451	14,477,451	14,477,451	14,477,451	14,477,451
Other Employee Benefits	19,544,207	-	-	-	-	-	-	-	-	-
Subtotal: Education Employee Benefits	19,544,207	34,674,069	34,674,069	28,993,062	28,993,062	28,993,062	28,993,062	28,993,062	28,993,062	28,993,062
Debt Service										
Existing Debt Service	50,361,000	8,191,463	8,191,463	4,979,462	4,979,462	4,981,108	4,875,652	4,880,095	4,878,774	4,891,770
Future Debt Service	-	-	-	-	-	2,406,811	5,172,717	6,001,122	6,829,528	6,767,028
Subtotal: Debt Service	50,361,000	8,191,463	8,191,463	4,979,462	4,979,462	7,387,919	10,048,369	10,881,218	11,708,302	11,658,798
General Liability and Claims	-	11,059,623	11,171,016	11,328,445	11,328,445	11,508,495	11,691,681	11,878,061	12,067,694	12,067,694
Capital Expenditures	-	15,080,000	15,080,000	2,922,550	2,922,550	2,622,550	4,000,000	4,000,000	4,000,000	4,000,000
Miscellaneous Expenditures	-	-	-	-	-	-	-	-	-	-
Contingency	-	2,162,739	2,162,739	3,607,082	3,607,082	3,700,000	3,800,000	3,900,000	4,000,000	4,100,000
Total Expenditures (other than non-recurring)	618,279,246	608,765,162	606,630,116	610,366,840	610,366,840	615,224,908	629,691,254	638,148,582	647,531,304	657,273,393
Non-recurring										
Reported Assigned FY2024 Fund Balance (\$29.38M)										
Tr. from Assigned FB: set aside for neighborhood econ. devpt.	-	11,500,000	11,500,000	-	-	-	-	-	-	-
Tr. from Assigned FB: set aside for youth fund	-	5,000,000	5,000,000	-	-	-	-	-	-	-
Tr. from Assigned FB: set aside for future tax appeals	-	7,300,000	7,300,000	-	-	-	-	-	-	-
Tr. from Assigned FB: set aside future legal settlements	-	500,000	500,000	-	-	-	-	-	-	-
Tr. from Assigned FB: set aside for FY26 CIP	-	3,680,000	3,680,000	-	-	-	-	-	-	-
Total Non-recurring Expenditures	-	27,980,000	27,980,000	-	-	-	-	-	-	-
Total Expenditures (recurring and non-recurring)	618,279,246	636,745,162	634,610,116	610,366,840	610,366,840	615,224,908	629,691,254	638,148,582	647,531,304	657,273,393
Other Financing Uses										
Transfers Out	14,277,000	15,067,805	15,067,805	15,954,148	15,954,148	16,214,448	16,481,690	16,756,160	17,038,165	17,038,165

City of Hartford: 5-Year Plan for PA 25-174

	FY 2024	FY 2025	FY 2025	FY 2026	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
	Audited Actual	Amended Budget	Projected Actual	Adopted Budget	Projected Actual	Projected	Projected	Projected	Projected	Projected
Total Other Financing Uses	14,277,000	15,067,805	15,067,805	15,954,148	15,954,148	16,214,448	16,481,690	16,756,160	17,038,165	17,038,165
Total Expenditures and Other Financing Uses	632,556,246	651,812,967	649,677,921	626,320,988	626,320,988	631,439,356	646,172,944	654,904,742	664,569,468	674,311,558
Net Surplus/(Deficit)	14,223,754	-	11,285,046	-	-	41,053	12,790,117	9,509,571	5,386,855	1,207,141
Reconcile for GASB 54 and Encumbrances	(163,000)	-	-	-	-	-	-	-	-	-
Planned Use of Assigned Fund Balance	-	(27,980,000)	(27,980,000)	-	-	-	-	-	-	-
Change in Fund Balance	14,060,754	(27,980,000)	(16,694,954)	-	-	41,053	12,790,117	9,509,571	5,386,855	1,207,141
Beginning Total Fund Balance	59,383,000	73,443,754	73,443,754	56,748,800	56,748,800	56,748,800	56,789,853	69,579,969	79,089,540	84,476,396
Ending Total Fund Balance	73,443,754	45,463,754	56,748,800	56,748,800	56,748,800	56,789,853	69,579,969	79,089,540	84,476,396	85,683,536
Projected Change in Unassigned Fund Balance	6,920,000	-	5,000,000	-	-	41,053	12,790,117	9,509,571	5,386,855	1,207,141
Beginning Unassigned Fund Balance	36,403,000	43,323,000	43,323,000	48,323,000	48,323,000	48,323,000	48,364,053	61,154,170	70,663,740	76,050,596
Ending Unassigned Fund Balance	43,323,000	43,323,000	48,323,000	48,323,000	48,323,000	48,364,053	61,154,170	70,663,740	76,050,596	77,257,737
RE/PP Mill Rate	68.95	68.95	68.95	68.95	68.95	68.95	68.95	68.95	68.95	68.95
MV Mill Rate	32.46	32.46	32.46	32.46	32.46	32.46	32.46	32.46	32.46	32.46