Financial Plan Mitigation Strategies

City of Bridgeport

Background

- The City's FY26 budget increased by only 1.73%, from a total of $634 million to $645 million, with a flat mill rate of 43.45 for real property and 32.46 for personal property.

- The City has been challenged to keep taxes flat due to very minimal grand list growth, despite efforts to increase development in the City with projects like Steelpointe and the PSEG coal plant demolition. For these reasons, minimal tax levy growth is assumed in the financial plan. However, that can change as these projects continue to take shape.

3-Year Budget Lookback

FY	$
2026	$644,656,495 (1.73% Increase)
2025	$633,671,934 (0.93% Increase)
2024	$627,848,342

Summary of Five-Year Grand List

Historical Grand List

FY	Net Taxable Grand List (Collectible) - PP	PP % Increase	PP $ Increase	Net Taxable Grand List (Collectible) - MV	MV % Increase	MV $ Increase
FY26	7,012,403,918	-0.08%	(5,964,428)	668,487,478	2,044,245	0.31%
FY25	7,018,368,346	0.51%	35,720,114	666,443,233	(33,654,343)	-4.81%
FY24	6,982,648,232	-0.36%	(25,444,816)	700,097,576	70,807,435	11.25%
FY23	7,008,093,048	-0.98%	(69,590,378)	629,290,141	157,377,913	33.35%
FY22	7,077,683,426	25.85%	1,453,696,244	471,912,228	13,055,975	2.85%
FY21	5,623,987,182			458,856,253		

Property Tax Levy and Revaluation Scenarios

	RP Grand List Increase @ 10%	20%	30%	40%	50%
FY27 (Real Property-Net Taxable)[1]	7,713,644,310	8,414,884,702	9,116,125,093	9,817,365,485	10,518,605,877
FY27 (Motor Vehicle – Net Taxable)	700,000,000	700,000,000	700,000,000	700,000,000	700,000,000
MV Property Tax Revenue @ 32.46	22,722,000	22,949,220	23,178,712	23,410,499	23,644,604
Real Property Taxes To Be Raised	327,474,938	327,474,938	327,474,938	327,474,938	327,474,938
Total Tax Levy	350,196,938	350,196,938	350,196,938	350,196,938	350,196,938
Expected Mill Rate	42.45	38.92	35.92	33.36	31.13

[1]*Net taxable grand list is after the City accounts for assessment appeals, PILOT agreements with developers, and senior tax credit relief.*

Debt Refinancing

Appropriation	FY27	FY28	FY29	FY30	FY31
Existing Debt	($1,060,233)	($4,208,163)	($4,074,213)	($3,920,838)	$908,988

- The City asked its financial advisors to review refinancing opportunities to achieve budget savings.
- The selected scenario realizes savings up front to help mitigate cost increases over the next four years.

Use of Internal Service Fund Reserves

Appropriation	FY27	FY28	FY29	FY30	FY31
Contingency	($0)	($2,500,000)	($2,500,000)	($0)	($0)

- Utilize reserves from the City's Internal Service Fund. The Internal Service Fund accounts for the City's self-funded workers compensation program and premiums and insurance claims for the City's active and retired employees.

Reduce Contingency Appropriation

Appropriation	FY27	FY28	FY29	FY30	FY31
Contingency	($500,000)	($500,000)	($500,000)	($500,000)	($500,000)

- Eliminate contingency appropriation, which at times may be used for emergencies or exigent cases. This would reduce the appropriation from $1,000,000 to $500,000

Modify Assumptions For Growth of Supplies, Equipment, Services, and Other Operating Expenses

Appropriation	FY27	FY28	FY29	FY30	FY31
Services, Supplies, Equip., & Other	($594,818)	($993,658)	($1,406,848)	($1,834,809)	($2,277,976)

	FY27	FY28	FY29	FY30	FY31
Services					
Current Assumed Increases	4%	2%	2%	2%	2%
Adjusted Assumed Increases	2%	1%	1%	1%	1%
Supplies & Equipment					
Current Assumed Increases	3%	3%	3%	3%	3%
Adjusted Assumed Increases	1.5%	1.5%	1.5%	1.5%	1.5%
Other Operating Expenses					
Current Assumed Increases	3%	3%	3%	3%	3%
Adjusted Assumed Increases	1.5%	1.5%	1.5%	1.5%	1.5%

Reduce City-Side Allocation to BOE

Appropriation	FY27	FY28	FY29	FY30	FY31
BOE MBR	($1,000,000)	($1,000,000)	($1,000,000)	($1,000,000)	($1,000,000)

- Assume $2 million increase in City-share of Board of Education v. $3 million in the base plan.

Assume Less CIP Resulting from Grants and Reimbursements

Appropriation	FY27	FY28	FY29	FY30	FY31
Future Debt	-	($45,779)	($454,821)	($1,390,874)	($2,843,200)

Base CIP Scenario (FY26-31)

Base CIP (in 000s)

	FY26	FY27	FY28	FY29	FY30	FY31
Winthrop - Renovate/New Project		7,000				
Skane Special Education School		2,850	2,850			
East End School		5,000	15,000	15,000	10,000	
Arena Reconstruction			7,000	7,000		
General City Capital & BOE		12,000	15,000	15,000	15,000	15,000
PD & FD Facilities			5,000	15,000	15,000	10,000
BAN & Rollover	10,000	10,000				
Total Debt Service	**10,000**	**36,850**	**44,850**	**52,000**	**40,000**	**25,000**

Alternative CIP Scenario (FY26-31)

Alternative CIP (in 000s)

	FY26	FY27	FY28	FY29	FY30	FY31
Winthrop - Renovate/New Project		7,000				
Skane Special Education School		2,850	2,850			
East End School		2,750	3,400	3,400	3,400	
Arena Reconstruction			3,500	3,500		
General City Capital & BOE		12,000	15,000	15,000	15,000	15,000
PD & FD Facilities			2,500	7,500	7,500	5,000
BAN & Rollover	10,000	10,000				
Total Debt Service	**10,000**	**34,600**	**27,250**	**29,400**	**25,900**	**20,000**

- The alternative CIP scenario assumes a 95% reimbursement for East End School and 50% funding for other major capital projects.

Sale of City Property

Appropriation	FY27	FY28	FY29	FY30	FY31
Sale of City ...	($0)	($3,000,000)	($3,000,000)	($3,000,000)	($3,000,000)

- The City has entertained the sale of its municipal airport. As large parcels become available and remediated, the City will actively seek to attract developers.

Administrative GAP Closing Measures

Appropriation	FY27	FY28	FY29	FY30	FY31
Various Accounts	($266,024)	($3,302,452)	($5,000,000)	($5,000,000)	($5,000,000)

- The City would need to evaluate services to reduce or eliminate to achieve budget savings.
- The City also actively seeks Federal and State funding to offset equipment and personnel increases.

Bonds Maturing

Appropriation	FY27	FY28	FY29	FY30	FY31
Existing Debt	$0	$0	$0	($15,000,000)	($15,000,000)

- There is a favorable debt service cliff in Fiscal Years 2032 and 2033 where a large amount of debt will fall off the debt service schedule. Current estimates are $30.9 million in FY2032 and $16.3 million in FY2033. Smoothing out debt service payments could allow the City to realize some of these savings earlier.

- While it is a good problem to have, the City will need to discern a way to manage this <u>positive</u> budget cliff.

In Addition to State Aid Formula

Appropriation	FY27	FY28	FY29	FY30	FY31
Various Accounts	($5,000,000)	($9,000,000)	($16,000,000)	($18,000,000)	($20,000,000)

- This represents additional assistance that may be requested to help cover budget gaps and bring state aid levels closer to other municipalities. These are shown in the “Non Recurring Revenue” section of the financial plan.

Additional Gap Closing Measures

Appropriation	FY27	FY28	FY29	FY30	FY31
Various Accounts	($0)	($0)	($4,539,248)	($1,267,310)	($10,836,419)

- This financial plan is conservative. The City will continue to monitor this financial plan and work proactively to forecast gaps (if any) and take action to reduce those expected gaps with the best information available.
- Grand list growth could also perform better than it has in the last five years. The City is hopeful that its economic development efforts will yield greater grand list growth.

Additional Gap Closing Measures (Continued)

1) Savings From Base Assumptions Assuming 2.5% Increase Per Year.

Appropriation	FY27	FY28	FY29	FY30	FY31
Salaries	($1,393,408)	($2,870,420)	($4,434,834)	($6,090,602)	($7,841,834)

2) Savings From Base Assumptions Assuming 1.5% Increase Per Year.

Appropriation	FY27	FY28	FY29	FY30	FY31
Salaries	($2,786,816)	($5,712,973)	($8,783,974)	($12,005,526)	($15,583,545)

3) Savings From Base Assumptions Assuming 6% Increase in Year One Followed By 5% Increases thereafter.

Appropriation	FY27	FY28	FY29	FY30	FY31
Salaries	($880,748)	($1,400,389)	($1,974,548)	($2,607,664)	($3,304,498)

	FY27	FY28	FY29	FY30	FY31
Salaries					
Current Assumed Increases	3.5%	3.5%	3.5%	3.5%	3.5%
Health Insurance					
Current Assumed Increases	8.0%	6.0%	6.0%	6.0%	6.0%

The City conservatively estimated salary and health insurance increases in the Financial Plan. The contents of this slide are <u>not</u> included in the “Other Financing Uses/Cost Mitigation” section of the financial plan, since they are dependent on negotiations with collective bargaining units and inflation. However, we thought it was important to show the potential impact to the financial plan and further underscore the variability/uncertainty with some of these items.