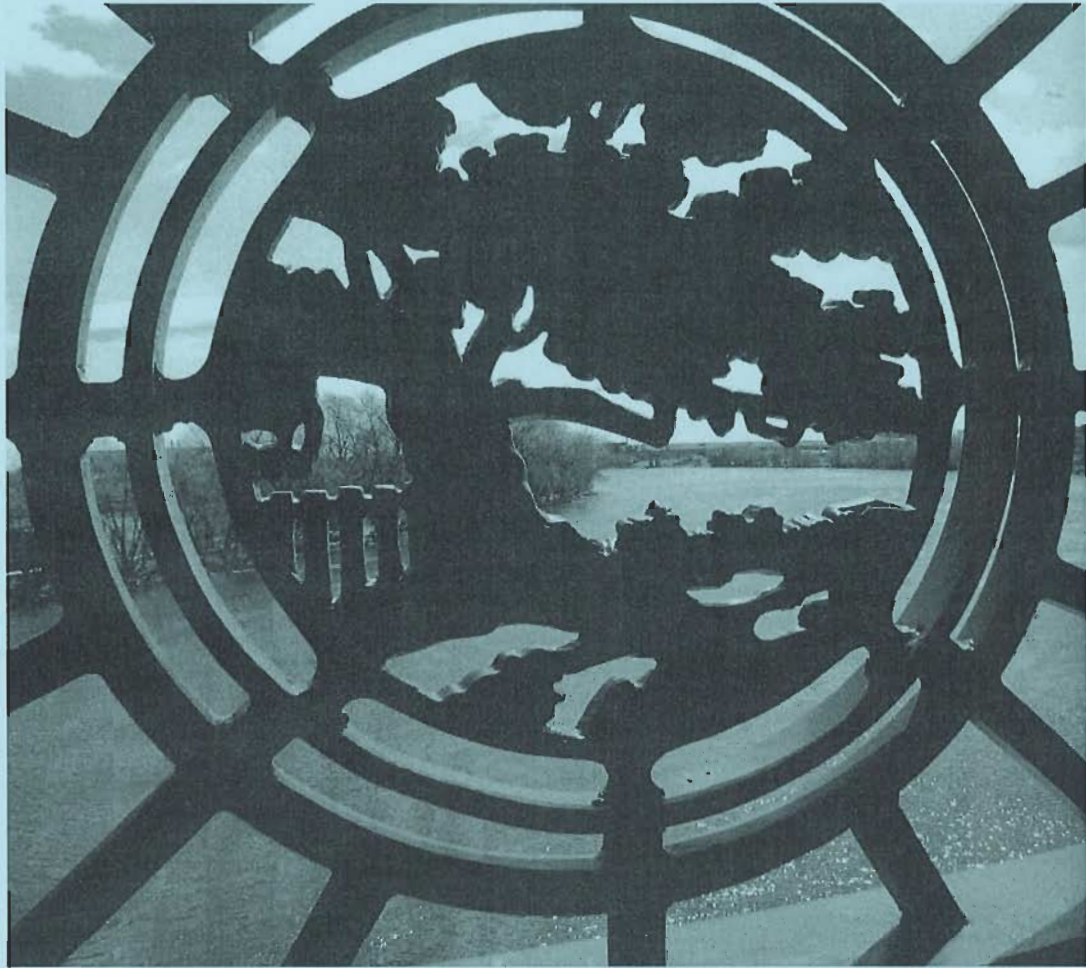


City Council's Adopted Budget



Appendix Section

**Office of the Mayor
550 Main Street
Hartford, Connecticut 06103**

**EDDIE A. PEREZ
MAYOR**

**Telephone: (860) 543-8500
Fax: (860) 722-6606**

April 16, 2007

Court of Common Council
550 Main Street
Hartford, CT 06103

Dear Councilmembers:

In accordance with the Charter of the City of Hartford, I am submitting the Mayor's Recommended Budget for Fiscal Year 2007-2008 for your review and consideration. My budget was prepared in accordance with all legal requirements and current administrative practices.

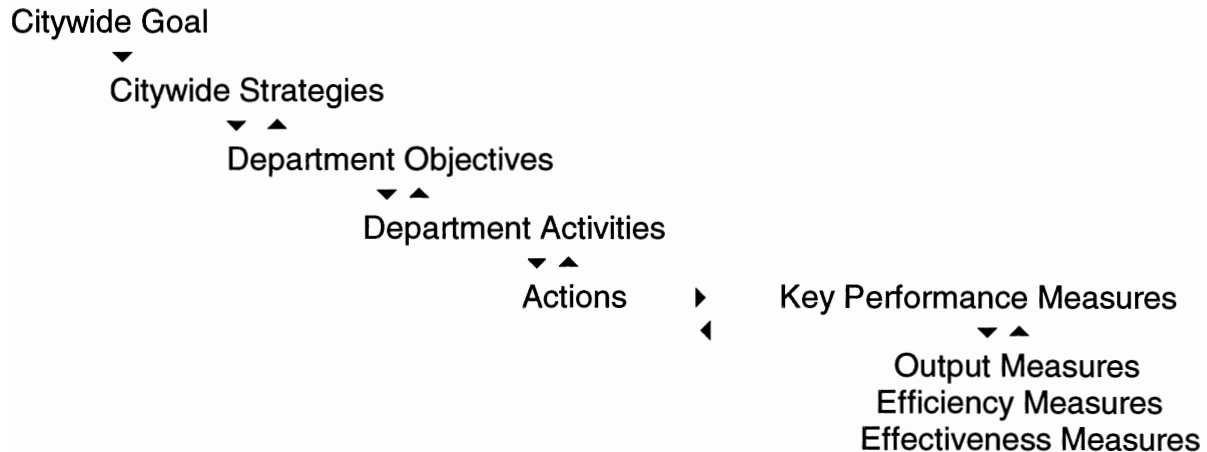
BUDGET DEVELOPMENT

Again this year, I built on the model developed by Management and Budget, first used two years ago, to identify and budget for the cost of activities. That original model has been enhanced to factor performance measures into the process. Key elements of the model include:

- The Mayor identifies goals and strategies.
- Departments identify objectives to meet goals and strategies.
- Departments identify programs and activities to carry out the goals and strategies, and align them with their objectives.
- Departments identify key measures that depict the effectiveness of their performance in carrying out their programs and activities.
- Departments prepare budget requests that indicate the cost and expected results for each activity.
- Departments prioritize spending to focus on services that matter the most or are legally mandated. The Mayor reviews and evaluates all departments' activities.
- The Mayor recommends his budget which is the result of the acceptance and approval of activities based on their ranking with regard to meeting goals, their provision of essential services or their being legally mandated, and on their resource allocation.

It is my intent to further enhance the methodology next year to set the price of governing Hartford, our budget, by not only identifying activities but by determining the outcomes that matter the most along with indicators to measure their progress.

A process flow of activities based / performance budgeting for outcomes follows:



RECOMMENDED BUDGET SUMMARY

My Recommended Budget of \$517,881,440 reflects an increase of \$20,984,586, or 4.22%, over the 2006-2007 Adopted Budget. It includes:

- A 2007-2008 General Fund Budget and appropriation ordinance of \$517,881,440. The increase is attributable to increased non-tax revenues and an increase in tax revenues equal to 2.8 mills.
- A tax ordinance requiring a 61.10 mill rate levy on all ratable estate within the City.
- A total appropriation for the Hartford Public School System of \$261,000,000. It includes \$45,111,114 for employee fringe benefits. In addition, the Hartford Public School System receives funding from other sources including federal grants, state grants, foundations, private sources and other grants. These funds, categorized as the Special Funds Budget, are projected at \$96,952,639. The indirect appropriation is \$16,577,089. The combined amount from all sources brings the total budget for the Hartford Public Schools to \$374,529,728.
- An appropriation of \$7,941,580 to the Hartford Public Library that includes \$1,891,320 for employee fringe benefits, or 12.04% over 2006-2007 Adopted Budget.
- A 2007-2017 Recommended Capital Improvement Program of \$349,382,600 that includes a first year budget in the amount of \$39,147,500.
- An increase of eighty Police officers, forty officers projected to start the Police Academy in October of 2007 and a second class of forty officers projected to start the Police Academy in April 2008. This will accelerate the move to 500 police officers.

- A Strategic Business Plan that presents a City of Hartford mission and vision, with goals and correlating strategies. Charts and graphs summarizing key performance measures with anticipated outcomes for departmental programs are included for each department.
- Funding to provide planning assistance to support consulting services for the updating of Neighborhood Revitalization Zone plans city-wide. These plan updates will serve as the basis upon which CDBG/UDAG funded challenge grants will be awarded for projects and initiatives identified through community input and NRZ endorsement.
- Assistance to neighborhood retail areas who may want to create Business Improvement Districts. This will be available for the purpose of studying the viability of the creation of such districts and demonstrating that the establishment of improvement districts will result in growth of a diverse retail base, better management and marketing of retail operations, and a safer and more attractive environment for shoppers.
- \$100,000 to fund Hartford 2010 marketing material that will promote the many positive features of the City and the development potential of downtown and neighborhood sites.
- Fulfilling a National Fire Protection Association requirement of a functional backup Fire Station Alert System to dispatch fire apparatus. This replaces the current backup system that is obsolete.
- Total contribution of \$12,158,800 to the Municipal Employees Retirement Fund (MERF).
- A \$3,000,000 contribution to establish a fund for Other Post Employee Benefits.
- A \$3,000,000 contribution toward the reduction of the Internal Service Funds deficit.
- General Fund Expenditures and Revenues Forecast for Fiscal Years 2008-2009 through 2012-2013.

PUBLIC SURVEY

The development of the budget was guided by three main tenets: It should be a blueprint for accomplishing programs and activities related to objectives and goals; it should establish priorities; and it should provide a plan for the future.

In addition and in concert with the aforementioned methodology, we conducted a citizen's survey to find out the priorities of both residents and non-residents who work and play in Hartford. Those priorities guided my budget recommendations. They include public safety, recreation and cultural activities for Hartford's youth.

REVENUES

The 2007-2008 Mayor's Recommended Budget totals \$517,881,440 and will be financed from tax revenue of \$248,074,946 and \$269,806,494 in non-tax revenue. The budget does not include funding from the City's Fund Balance. Tax Revenue includes the current tax collection of \$232,324,946. General Fund Revenue in the 2007-2008 Mayor's Recommended Budget is projected to increase by \$20,984,586 over the 2006-2007 Adopted Budget. This primarily is due to grand list growth, a Tax increase of \$10,000,000, State Aid grant increases and projected increases in the non-tax revenue categories of the Use of Money and Property, Other Revenue, and Reimbursements. This is offset by decreases in revenue from Property Tax Relief and Intergovernmental Revenue.

First and foremost, it is important to mention that over the last three years revenues have steadily increased. State aid alone has increased. New construction and renovations have helped the Grand List grow by \$169 million. Many revenue categories have been enhanced by rate increases and new charges for specific services. Future revenues can be increased by more effective collection and posting of taxes and other non-tax sources. During Fiscal Year 2007-2008 we are enhancing a new tax and general billing and collection system, which will address the efficient and effective use of collection techniques and tracking of all outstanding, current and future receivables.

Current year property tax collection for the 2007-2008 Mayor's Recommended Budget is projected at \$232,324,946 with an estimated tax collection rate of 96.8%. The October 1, 2006 Taxable Grand List totals \$3,627,142,711, before the Board of Assessment Appeals revisions, an increase of \$79 million from the 2005 Adjusted Grand List. Real property increased in value by 3.09%. This increase is primarily due to new construction and renovations, including the Hartford 21 Project, the Colt building, the Goodwin Circle condominium complex, Retreat Avenue assisted living and many new residences. Personal Property had a reduction of 1.0% or \$6.8 million. The Motor vehicle assessed value increased by 3.8% or \$9.8 million to \$268,835,294. It is worth noting that the Exempt Real Property Grand List increased by \$1.39 billion, for a total of \$3,471,508,594. The increase is primarily due to the citywide revaluation but does reflect the huge amount of State owned property, colleges, hospitals and churches here in The Capital City. Exempt property comprises 49% of the total Grand List. Almost half of all total property value.

We have reflected the implementation of new revenue enhancements in this budget. They include certain licenses and permits, Fire prevention and inspection fees for services, and city advertising media. Our Fire Department will also begin to charge insurance companies for certain incidents, especially costly ones such as motor vehicle accidents requiring extrication or hazardous material spills.

STATE OF THE CITY

In my State of the City Address that I delivered on March 12, 2007, I proudly reported that Hartford is safer, more financially stable, and more vibrant than it has been... not just in years, but in decades.

- We will soon be breaking ground this spring on the new Public Safety Complex.
- I am proposing 80 additional police officers to patrol the streets this year. I am also pushing for tougher and more responsible gun laws.
- I am proposing that we invest almost \$2 million dollars in our youth. This would fund:
 - Academic enrichment and after school activities
 - A coordinated community effort to address youth violence
 - 1,600 summer and year-round jobs for Hartford teens.
- Our best long-term investment is our children and Hartford's future demands a good education for all students. Toward that goal, I hired a nationally recognized educator as our new Superintendent, Dr. Steven Adamowski.
- I implemented a new mandatory school uniform policy for grades Pre-Kindergarten through 8. The uniform policy eliminates distractions and increases learning.
- To date, we have invested \$360 million to complete seven schools. Now phase two is underway. We are spending more than \$232 million toward six more schools.
- I have established a goal of having 25% more Hartford students graduate from college by 2009. It is crucial that our young people are empowered with a quality education so that they can reinvest their skills into their community.
- We have instituted the "Wireless Downtown" pilot project in the Blue Hills and Downtown neighborhoods through which 240 residents now have low-cost computers and have received basic computer training. In addition, 5,000 new users have logged on to Wireless Hartford to get information about education, jobs and health care.

- As promised last year, the 3-1-1 Call Center is open for business. Already, our Constituent Service Representatives are making city services more effective and efficient for residents.

- Travelers, Aetna, and Prudential are adding almost 5,000 jobs in Hartford in the next three years. This is a vote of confidence in Hartford's future by the corporate community.

- Since 2002, Hartford's entrepreneurs have created 700 new jobs.

- Since 2002, we've built 2,100 new units of housing, with prices ranging from affordable to luxury.
 - 34 units at Garden and Risley
 - 73 units at the new Dutch Point
 - 23 single-family homes on Alden Street
 - 74 units on Zion Street are just a few examples

- I am proposing a Strong Neighborhoods Agenda to clean up our streets by getting rid of blighted buildings! Since I became Mayor, there's been a 55 percent reduction in the number of blighted buildings.

- The newly created Hartford Neighborhood Development Fund will target the development of new moderate and affordable housing units in areas of the city where, for all of our progress, success has eluded us. I am proposing that we provide up to \$50 million in capital funds through the Hartford Neighborhood Development Fund, over the next five years, to leverage at least another \$100 million in private and public investment to create new homeowners, provide quality moderate income rental units and develop new neighborhood retail.

- Hartford is becoming a tourist destination. In the past two years, 81 restaurants and cafes have opened. Last year, we attracted 240,000 new visitors to the city. I am strongly supporting a new, multipurpose arena to generate jobs, attract more visitors, stimulate the economy, and keep the momentum going.

MISSION

It is the mission of the City of Hartford to provide services that ensure a safe and clean community of choice in which to live, work, learn, worship and play. With the support of its residents, we strive to fulfill this mission through collaboration with partners and the delivery of quality services that are reliable, accountable, efficient, and ethical. As a result, we strive to attract the best and the brightest and serve as a model for other cities to follow.

VISION

Hartford - Connecticut's capital city - is on the move. Because of its commitment to improving public schools, establishing respected community policing, creating blight-free neighborhoods, and fostering homeownership and economic development, its residents can take civic pride in a vibrant downtown, strong, healthy, diverse neighborhoods and celebrated public spaces. It is a city where people can work together to make the dreams of a better future a reality for all. It is a place of hope.

GOALS AND STRATEGIES

As part of the on-going effort to improve the annual budget process, during the past year the Department Heads and selected management staff were engaged by the Mayor to develop improved city-wide strategies, department objectives and performance measures that are more closely aligned with the City's seven (7) key goals and expected outcomes. This effort has resulted in city-wide strategies that are more focused and supportive of our constituents' needs, which will enable departments to develop objectives with outcomes and performance measures that ultimately lead to the successful achievement of our goals.

Goal 1: Make Hartford a Safer Place

City-wide Strategies:

- Instill a community policing philosophy throughout the Police Department that engages and empowers the public and City departments in helping to make Hartford a safer place to live, work and play.
- Create neighborhoods and business districts that are safe, welcoming and visitor friendly by investing in and maintaining the integrity of the City's public infrastructure and facilities while enforcing conduct that maximizes the quality of life.
- Implement programs that enhance response times to all calls for public safety service.

Goal 2: Provide Quality Education for Workforce Development

City-wide Strategies:

- In alignment with public school system goals...
- Support parents and caregivers with resources and services that enable them to actively participate in their children's learning and development so they become productive citizens ready for school and work.
 - Aggressively expand quality infant, toddler and preschool opportunities for Hartford young children and their families and caregivers to foster health, wellness and early success in school and life.
 - Ensure the provision of quality opportunities for youth to engage in activities that build social, emotional and intellectual skills, increase health awareness and promote community involvement.
 - Leverage resources and services among City and community agencies to achieve better outcomes for Hartford's children and youth.

Goal 3: Create Jobs through Economic Development

City-wide Strategies:

- Increase economic development by partnering with state and regional agencies to aggressively market the City to key industries and their real estate representatives.
- Increase economic and job development opportunities for residents, small businesses and Hartford based contractors through a variety of City and community-based programs and services.
- Identify multiple sources of funding that will increase the ability of the redevelopment agency to spur in-fill development.
- Increase the supply of affordable and safe parking opportunities in downtown Hartford to support job creation.
- Enhance the approval processes for securing zoning, planning and building permits to facilitate capital investments.

Goal 4: Improve Customer Services through Quality Management

City-wide Strategies:

- Raise the level of customer confidence and satisfaction through improved processes that result in the successful and timely completion of service requests.
- Identify and implement appropriate technology and training to deliver faster and more efficient service to all customers, producing accurate information resulting in accountable and professional governance.
- Implement programs to attain and maintain the highest level of customer service and ethics in all City employees.
- Increase staff ability to successfully integrate best practices through the implementation of process improvement initiatives.

Goal 5: Improve City Health and Cleanliness

City-wide Strategies:

- Improve the enforcement of housing, building and sanitation codes by enhancing the inspection, enforcement, information-sharing and remediation programs across all departments, bringing about safer, more secure and healthier housing, and places of public commerce and recreation.
- Promote civic pride by encouraging community participation in anti-litter and beautification efforts, including educating children and adults, to create more attractive and welcoming neighborhoods, parks and business districts.
- Promote healthier residents by implementing a comprehensive public health education campaign through the partnering of city departments and community-based organizations.
- Strengthen City relationships with healthcare and preventive care providers to increase resident access to health and preventive care.

Goal 6: Stimulate Residential Development

City-wide Strategies:

- Identify, assemble and market properties appropriate for residential development in collaboration with other City departments.
- Invest in homeownership and rental programs that result in increased mixed income and affordable housing.
- Create a diverse and accessible retail environment along our commercial corridors to make the City a more desirable place to live.

Goal 7: Improve Financial Health and Fiscal Accountability

City-wide Strategies:

- Improve the City's financial position in order to enhance the City's bond rating and make the City more attractive to investors.
- Improve the fiscal discipline of expenditures and maximize revenues to make efficient use of resources to enhance services.
- Improve fiscal accountability by controlling and managing the City's capital debt, liabilities and financial obligations.
- Implement best practices and improve internal controls to enhance operational efficiency and effectiveness.

CONCLUSION

Exceedingly limited resources continue to challenge the development of a budget that not only allows the City to attain its goals but also answers the needs and wants of our residents.

We again conducted a survey of public attitudes toward municipal services in Hartford. Overall, the survey results showed the public's perception that Hartford is moving in the right direction over the past three years. There has been a steady rise in the approval of community policing efforts in the city. Over the past two years, there has been a positive increase in the perception of public education in Hartford. There has been a significant improvement in the rating of city services over previous surveys. It is no surprise that citizens indicated more of the City's limited resources should be spent on public safety and education. Other than these two areas, youth services and roads and sidewalks were voted to receive the most of tax dollars. A large majority of the respondents indicated they would support a tax increase to maintain current levels of city services. Most departments and programs tested improved at least slightly from the year before and in some cases, dramatically over the past two years.

We have made great strides in the past two years in developing a budget that identifies goals and objectives, indicates the proposed costs and expected results for each program and activity, incorporates explicit performance measures and compares projected with actual outputs to evaluate efficiency and effectiveness.

We will continue to enhance our methodology by:

- Determining priorities and outcomes that matter.
- Decide the price for each priority outcome.
- Decide how best to deliver each priority outcome.
- Set outcome goals.
- Measure performance.

But, more is needed. The traditional approach of matching expenditures with revenues, the bulk of which come from property taxes, ultimately looks to raising taxes and cutting services. We need innovative approaches. We also need to become more entrepreneurial in looking at revenue opportunities and more efficient in how we deliver services. Hartford's residents do not want us to cut the cost of government by cutting services. They want improved services at a price they are willing to pay. That is our challenge.

Respectfully Submitted,


Mayor Eddie A. Perez