



PEDRO E. SEGARRA
MAYOR

July 1, 2015

Dear Friends,

In accordance with the Charter of the City of Hartford, this document represents the Fiscal Year 2016 Budget as approved by the Court of Common Council.

Like in years past, this Budget is fiscally sound and accountable to all municipal stakeholders. This Budget protects our priorities and essential city services: community safety, public education, job growth and economic development, and quality of life for our residents.

City Council and the Administration have worked hard to deliver a balanced budget that places our City on a path to a financially sustainable future. It is without a doubt the most difficult task we accomplish every year.

The reality we face is that costs continue to increase and revenue growth has not been able to keep pace.

As each year passes, Hartford becomes a more desirable place to live, work and play as demonstrated by our growing population and the number of economic development projects that are underway citywide. This is positive for Hartford's economy but with growth comes greater demand for City services.

The focal point in this budget is that once again we reduced spending without increasing the mill rate.

In conformity with all legal requirements, this budget contains:

- A General Fund Expense Appropriation totaling \$533.8 million, a decrease of \$18.2 million from the FY2015 Adopted Budget
- No Mill Rate increase
- No reduction in essential city services
- No layoffs in any department



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- Additional public safety employees including a class of 20 police officers, 10 cadets and 10 Emergency Services and Telecommunication (EST) dispatchers
- Sustainable department cuts of \$12.8 million
- The full annually required contribution of \$36 million to the Municipal Employees' Retirement Fund keeping it at 80% funded
- A restructuring of existing debt that will reduce debt service payments by \$12 million
- A General Fund appropriation of \$284.0 million to Hartford Public Schools representing a flat City contribution and in line with the State of Connecticut mandated "Minimum Budget Requirements" for Education
- A five-year Capital Improvement Program (CIP) totaling \$586.7 million gross and \$378.4 net after reimbursements
- Flat funding for the Library while absorbing their health benefit increases to achieve their balanced budget and prevent closures or decreased hours of operation
- An annual Grants Budget of \$104.3 million
- A \$6.1 million cut from the state

This budget mitigates a budget gap of \$48.7 million. This budget gap was driven almost equally by reductions in revenue and increases in expenses. To get a perspective, closing a budget gap of this magnitude would require a mill rate increase in excess of 14 mills or the elimination of over 470 full time city employees including Police, Fire and Department of Public Works. This FY2016 Budget is balanced by implementing three primary strategies: departmental expense reductions, the use of health benefits reserve and a second phase of restructuring existing debt obligations.

Departmental Reductions: As in years past, we adjust our services to recognize the fiscal challenges of each year's budget. We believe there are services that the City provides our residents and businesses that should not be reduced or eliminated, as they are essential to our sustainability. Given the year-over-year reductions to departmental budgets, this Budget further reduces the expenses of the City that are not related to contractual obligations, including our collective bargaining agreements. The reductions recognize the need to be



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more efficient and effective in our processes and procedures and support the characteristics of a government that is modern and well managed.

Health Benefits Reserve: As of this writing, the City Council has approved the establishment of a Trust Fund for Other Post-Employment Benefits (OPEB). The OPEB Trust created from this available reserve balance will fully fund the actuarially determined liability related to Hartford Public Schools. The remaining health benefits reserves will be used to mitigate a portion of the FY2016 budget gap.

Debt Restructuring: Several years ago the City completed the first phase of debt restructuring that successfully reduced the City's debt burden for several years. In FY2016 the City Administration will work in close coordination with the City Treasurer and our team of professionals to complete the second phase of debt restructuring that is designed to gradually increase our existing debt service over the next five years. Embedded in this proposed Budget is a conservative estimate of the potential debt services savings.

This Budget holds the mill rate flat at 74.29 and does not layoff any employees from our already short-staffed departments. It includes capital improvements necessary to maintain and improve our infrastructure. It supports long-term strategies that will assist in developing policies that can put us on a path to financial sustainability.

This Budget reflects what we feel are responsible answers to tough financial decisions that impact the day-to-day lives of taxpayers and residents, including vulnerable populations, all while protecting our future.

Today in Hartford we are:

- ✓ Creating jobs;
- ✓ Attracting new businesses;
- ✓ Keeping our streets safe and more secure;
- ✓ Educating our children in quality schools; and
- ✓ Endeavoring to be better!



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At this time next year, what were once empty parking lots will be transformed into our own Minor League Baseball Stadium and the second phase of development across Main Street, including a Supermarket and street-level retail, will be underway.

Our vision for our City and its future is already in sight.

Sincerely,

A handwritten signature in black ink, appearing to read "Pedro E. Segarra".

Pedro E. Segarra
Mayor