EDDIE A. PEREZ
MAYOR

April 19, 2010

Honorable Pedro Segarra, Council President and
Members of the Court of Common Council
City of Hartford
550 Main Street
Hartford, Connecticut 06103

Dear Council President Segarra:

In accordance with the Charter of the City of Hartford, I submit for your review and consideration the Recommended Budget for Fiscal Year 2010-2011. This budget represents our commitment to improving Hartford's quality of life and strengthening it as the Capital Region's hub for business, industry and entertainment. By ensuring continued momentum toward improving public safety, education, and economic development, Hartford's vision as a city of choice in which to live, work, learn, worship and play will remain a reality.

We have made great strides in the last 8 years. We have invested in our schools, building safe and productive learning environments and have seen overall improvement in both perception and test scores. We have given our public safety departments the tools and staffing they need to adequately protect our residents and neighborhoods. We have aggressively pursued and won a number of grants to fund programs without depending on local tax dollars. We have streamlined and automated government processes to maximize efficiency without sacrificing effectiveness. We have maintained an excellent fiscal rating and reputation, despite the biggest economic "tsunami" in our memory. While other cities face eliminating services and closing operations in response to huge funding deficits, we have managed our resources wisely and well to avoid such desperation and crisis.

This budget is the outcome of two complementary and significant processes. The first is the unprecedented collaboration between the City Administration and the Court of Common Council through publicly conducted workshops. These workshops led to enhanced budget transparency and an increased understanding of critical financial issues facing the City. They helped the Administration and Council reach a common understanding of the difficult decisions required to present a fair and balanced budget for Fiscal Year 2010-2011 that would not diminish direct services provided to residents and visitors to our Capital City.

The second process is the continued use of the City's **"Governing for Results"** comprehensive strategic planning process that is focused on strengthening and sustaining the City's long-term financial position. The "Governing for Results" process, which allocates and aligns City resources, employees, operating costs and capital expenditures with the City's goals and expected outcomes, was enhanced by the discussion and input from the Administration-Council workshops.

In accordance with all legal requirements and current administrative practices this budget contains:

- A General Fund Budget appropriation ordinance for fiscal year 2010-2011 of $554,280,552, which equals an increase of $18,512,361 or 3.5%. The Recommended Budget provides a projected balanced relationship between total anticipated revenues and total estimated expenditures.

- A tax ordinance requiring a 76.64 mill rate on all taxable property, which is in an increase of 3.85 mills.

- A contribution of $13,994,318 to the Municipal Employees Retirement Fund (MERF) for active and retired municipal employees. This contribution is a $7,755,593, or 124%, increase over the current year. Throughout the budget approval process we will continue to communicate and collaborate with the City Council, City Treasurer and the Pension Commission, as we did during the workshop process, to determine what, if any, opportunities exist to reduce the FY 2010-11 pension fund contribution.

- A ten-year recommended Capital Improvement Program for Fiscal Years 2010-2011 through 2019-2020 totaling $792,270,102. The first year program costs total $23,507,000. A Capital Improvement Fund Appropriation Ordinance for Fiscal Year 2010-2011 to approve funding for these projects is included in the Legal Documents Section. Sustaining our City construction projects is critical to retaining and creating desperately needed jobs for Hartford residents, as well as providing opportunities for women and minority owned businesses through our construction program.

- A $500,000 General Fund contribution for the Arts to build on the success of the FY 2009-10 Hartford Arts Stimulus Program that has pumped more than $2.5 million into the local economy and created and retained 255 jobs for 23 Arts and Heritage Community organizations in its first six months alone.

- A General Fund appropriation of $500,000 to implement a Parks Trainee Program for City residents who are re-entering the workforce after paying their debt to society. This program, along with a Green Ribbon Task Force established this spring to develop a comprehensive maintenance, operational and stewardship program, will help restore and preserve our historic parks for residents and visitors to enjoy now and for generations to come.

- A Police recruit class of 30 starting October 1, 2010 to ensure that our Police department maintains the level of staffing that has produced dramatic and sustained crime reduction results during the past several years through our community policing program, and positions the department to continue its high level of effectiveness for FY 2011-12 and beyond, and a Fire recruit class of 30 starting March 1, 2011 to maintain the Fire Department's fire suppression and emergency medical response capability, as well as ensure the department's adherence to its contractual obligations. These new classes will also assist us in managing overtime costs in a time of increasing attrition, as more police officers and firefighters reach retirement age.

- A specific Office of Capital Assets established and restructured from an existing function to be a collaborative municipal-school system operation that manages the City-wide Capital Improvement Program and all energy efficiency and conservation initiatives across both organizations. This new office represents the second successful merger of functions between the City and the Board of Education, after MetroHartford Information Services, and can serve as a springboard toward the merger of other building and grounds maintenance functions.

- A General Fund appropriation for the Hartford System of Schools will increase by $2,500,000 totaling $287,054,001 which includes employee fringe benefit costs. An indirect appropriation for educational debt and in-kind services of $20,120,856 is included in the Municipal Operating Budget. In addition, the Hartford System of Schools receives funding from state and federal grants, private foundations and other sources. These funds, categorized as the Special Funds Budget, are projected at $95,615,121. The combined preliminary amount from all sources brings the total budget for the Hartford Public Schools to $402,789,978.

- A General Fund appropriation of $7,915,000 to the Hartford Public Library which includes employee fringe benefit costs. This appropriation maintains the funding for the main library and the branch libraries at the same level as FY 2009-10.

- The Debt Service payment totals $34,376,000 to meet the City's obligation to repay bond holders for the construction and renovation of schools, libraries, streets, public facilities, and vehicles. This represents an increase of $1,229,000 or 3.7%.

- A three year (FY10-11, FY11-12, FY12-13) comprehensive strategic planning section. This section illustrates the City's vision, mission, core values, goals and expected outcomes, strategies, population indicators, and department three year business plans highlighting their strategic initiatives.

- A General Fund Expenditure and Revenue Forecast section for Fiscal Years 2010-2011 through 2014-2015.

As I said in my State of the City Address: "Hartford is at a crossroads." We have focused our investments on education, public safety and economic development. The return on these investments is yielding increasingly positive results. We must maintain our momentum through the current economic crisis, if we are to realize Hartford's full potential. We have come far, but we have far to go.

However, we must all acknowledge that Hartford is financially challenged. The demand for services is high and growing, but less revenue is coming in to meet this demand. For the past two years, we have been battling the economic crisis that is affecting all towns and cities nationally. Along with our other peer cities of Bridgeport and New Haven, we have repeatedly pleaded our case to the Governor and Legislature that property tax reform and other opportunities for increasing municipal revenue sources must be addressed, especially as they affect the economic viability of Hartford, New Haven and Bridgeport, all of which have chronic economic burdens not shared by the majority of other Connecticut municipalities. Thanks to the Governor and Legislature we have been spared any municipal funding reductions in the current fiscal year. As in years past, we have relied on the Governor's

projections in this new budget, which includes an approximate increase in state aid of $3,000,000. We ask our legislative delegation to protect our city from any reduction to the Governor's recommended budget for FY 10-11, as there would be a direct impact to city services as a result.

The FY 10-11 Recommended Budget maintains the current level of direct services provided to residents and visitors of Connecticut's capital city, yet, a 3.85 mill tax increase is still required just to support what we have. It is a tough but necessary choice. We must maintain our core city services. We must continue to keep crime low, increase our children's academic achievement and maintain clean and safe neighborhoods.

We, as elected leaders, have collaborated during the past several months by participating in budget workshops facilitated by Leadership Greater Hartford that focused our attention on the current economic crisis and the City's priorities. We must continue to think of Hartford and its future first. Let us continue to work together throughout your budget deliberations to set a FY 10-11 budget that prioritizes public safety, job creation, and education, and maintains essential core services to our residents and businesses, now and into the future. Once again, I ask our community and city employees to come together and help meet our budgetary goals for the coming years. I thank those city employees who agreed to furlough days and other concessions in FY 09-10 to help us balance that budget, and ask them to do what they can in the upcoming year to help us hold the line on wage and benefit increases for the next fiscal year as well. I will advise the Council of any concessions achieved that could lower the increase in the mill rate, prior to the budget's final adoption.

I am also grateful for the service of those individuals who comprised the Budget Task Force appointed by Council. Their input will help to guide us as we craft future budgets and investigate ways to reduce our costs even further.

While we have come far, we have far to go. We can continue to move Hartford in the right direction and position it for sustained success. Together we will do it!

Respectfully Submitted,

Eddie A. Perez
Mayor