



**PEDRO E. SEGARRA**  
MAYOR

In accordance with the Charter of the City of Hartford, this document represents my Recommended Budget for Fiscal Year 2013-2014. This budget, built on the concept of shared sacrifice, is the result of all City of Hartford stakeholders' contributions as well as our commitment to ensure that the City of Hartford is fiscally responsible, accountable to all taxpayers and residents and achieves results that are aligned with my mayoral *Vision* and my administration's *Four Key Goals*.

This budget differs greatly from my prior recommended budgets. While the proposed capital improvement plan maintains our commitment to invest in areas that will serve as catalysts to growing the grand list, preserving public safety operations and enhancing the quality of life, the operating portion of the FY 13-14 budget is far more austere, prudent and conservative.

I have heard the extraordinarily loud cry from residents, investors and business owners that taxes are too high and the burden too great and this budget responds to their concerns by **cutting spending by almost \$47 million dollars** from the original deficit first presented in late February and **keeps the mill rate flat**. While we have continued to do more with less in many areas, this budget leaves no operating area untouched or significantly altered.

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

- No mill rate increase. This represents the 2<sup>nd</sup> time during my tenure (of a little more than 3 years) that I have been able to reduce or hold the mill rate static.
- No reductions in essential city services.
- A consolidation of all departmental travel and technology purchases to streamline administrative oversight and better track and monitor spending.
- A General Fund Budget appropriation ordinance for Fiscal Year 13-14 of \$543,921,625. This represents a slight increase of \$3,650,644, or 0.7%, over the Adopted FY 12-13 budget, with increases being driven predominantly by pension and health care costs.
  - This includes \$47.7 million dollars in spending reductions, from the original deficit first presented in late February, including cuts to 15 departments totaling \$7,941,939, or an average of \$529,463 per department.
- An anticipated \$13,478,825 draw down in the Fund Balance. This was done to avoid a mill rate increase and will still leave us with a reserve greater than New Haven and Bridgeport.
- A fully-loaded contribution of \$37,372,453 to the Municipal Employees' Retirement Fund (MERF), plus \$1,525,000 to the Local 1716 for active and retired municipal employees. The MERF contribution represents an additional commitment of \$16,744,453 (81.2%) over the Fiscal Year 12-13 adopted budget.
  - \$24,292,094 (65%) has been accounted for in the general fund, and the Pension Commission has agreed that a memorandum of understanding will be crafted that will require the City of Hartford to develop a payment scheduled for the remaining \$13,080,359 throughout the remainder of the fiscal year. This mirrors the same process developed in FY 12-13.
- A five-year Capital Improvement Program for Fiscal Years 13-14 through 17-18 totaling \$806,051,875 gross and \$550,255,475 net after reimbursements from State School Construction, federal and state grants, LoCIP and the Parks Trust Fund. The first year program budget total is \$129,054,755; \$95,308,310 net after reimbursements. A Capital Improvement Fund Appropriation Ordinance for Fiscal Year 13-14 to approve funding for these capital

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projects will be presented to the City Council in June 2013. This capital budget represents essential investments designed to improve the quality of life of residents, business owners and visitors:

- Sustaining critical City construction projects that are essential to the revitalization of our community, retaining and creating needed jobs for Hartford residents and providing opportunities for women and minority owned businesses to grow and prosper.
- A more dedicated focus on job and business development in our neighborhoods, parks and recreational facilities enhancements, a recognition of our special monuments and historical treasures and critical infrastructure improvement (roads, bridges and streetscapes).
- An annual Grants Budget for Fiscal year 13-14 of \$ 121,000,000, which represents an increase of \$ 11,300,000, or 10.3%, versus the Fiscal Year 12-13 Adopted Budget. For Fiscal Year 2013-14 we are anticipating a modest variance in Formula/Entitlement Grants but are planning to increase our Competitive Grants by approximately \$8,300,000, or 40.1%.
- A committed focus to preserving and, when appropriate, enhancing public safety, including:
  - The addition of a police class of 30, to begin on January 1, 2014.
  - Funds for the police department to conduct a comprehensive analysis of the department, including deployment, staffing, integration of best practices and modernizing policies and procedures.
  - Funds to begin the process of civilianizing several divisions, including booking, auxiliary services and evidence.
  - The purchase of essential fire equipment, including new pumper and ladder trucks.
- A General Fund appropriation for the Hartford Public Schools of \$283,008,188 from the General Fund plus an additional appropriation for “non-school construction” capital of \$1,000,000 for a total of \$284,008,188 – in line with State of Connecticut mandated “Minimum Budget Requirements” for Education. This represents a flat City contribution to Education versus the Fiscal Year 12-13 Adopted Budget. An indirect appropriation for educational debt and in-kind services totaling \$16,253,362 is also included in the Municipal Operating Budget. In addition, the Hartford Public Schools receives funding from state and federal grants, private foundations and other sources. These funds, categorized in the Special Funds Budget, are projected at \$130,562,648. The combined preliminary amount from all sources brings the total Fiscal Year Budget for the Hartford Public Schools to \$414,570,836, an increase of \$14,460,929, or 3.6%, versus the FY 12-13 Adopted Budget.
- A General Fund appropriation of \$8,215,000 to the Hartford Public Library, which represents no change over the FY 12-13 Adopted Budget.
- To meet the City’s obligation to repay bondholders for the construction and renovation of schools, libraries, streets, public facilities and fleet replacements, a Debt Service payment of \$26,094,532 is included in Fiscal Year 13-14 budget. This represents a **decrease of \$10,526,013, or 28.7%**, versus the FY 12-13 Adopted budget. The reduction in debt service is the result of restructuring over \$100 million of the City’s debt to take advantage of the current low interest rates.
- This budget anticipates \$2.6 million dollars in additional school construction reimbursements.
- My recommended budget assumes no revenue from voluntary PILOT payments.
- This budget also includes an additional investment in Procurement in order to ensure proper contract compliance and monitoring of minority, women and other important work-site standards and requirements.

The Fiscal Year 13-14 Recommended Budget presents a balanced relationship between total anticipated revenues and total estimated expenditures, including the following mitigation strategies: a potential drawn down of \$13,478,825 from the fund balance to mitigate potential tax increases, a significant hiring freeze on approximately 100 vacant positions (not including 30 police recruits), and \$3 million dollars in personnel concessions subject to union negotiations.

Additionally, in the coming weeks, I will be submitting a proposal to City Council that begins the process of eliminating the EMBERS health care plan and significantly increases the health care premiums and pension contributions for unclassified, non-collective bargaining unit members. I believe that these actions are necessary to demonstrate to tax payers – and city employees – that we are all in this together. We can no longer continue with “business as usual”. All employees, no

matter their position, should be treated fairly and equally and I firmly believe that the steps I will take will put us on a more predictable and sustainable fiscal path.

This budget also recognizes the disconnect that presently exists between the state budgeting process and similar efforts on the local level. There is no question that the present path is unsustainable, unfair and lacks cohesion. There must be a greater dialogue between local and state leaders that recognizes – and addresses – the complications that result from budget processes that do not mirror one another. There are several assumptions embedded in my Recommended Budget that may not come to pass. If we, as elected officials, are to fully embrace changes that we all recognize need to be made, we must work together to develop parallel processes that remove the uncertainty and doubt that presently exists.

Nonetheless, this budget accomplishes a great deal and continues the practice that we established last year to correct many glaring problems that had been ignored for many years. Further, it represents considerable progress on several important fronts: economic development and job creation, public safety, streamlining city government and making each and every department more accountable and accessible to city taxpayers.

Taking suggestions from all stakeholders – the Mayor's Office, Department staff and City Council – I have crafted a Recommended Budget that will further promote the positive and encouraging steps forward that have taken place over the last year while simultaneously protecting residential taxpayers and furthering our efforts to promote a more welcoming and stable business environment. As has been the hallmark of my administration, this budget is fiscally sound, transparent and continues critical investments in quality of life and public safety. Connecticut's Capital City has seen positive growth on several fronts over the last year and I am confident that this finished product continues the forward momentum that we have been able to generate and sustain.

Respectfully Submitted,



Pedro E. Segarra  
Mayor

