



PEDRO E. SEGARRA
MAYOR

In accordance with the Charter of the City of Hartford, this document represents my Recommended Budget for Fiscal Year 2014/2015. Like in years past, this budget is fiscally prudent and accountable to all city stakeholders. This budget keeps us on a path for a financially sustainable future while putting resources in critical areas: keeping our communities safe, educating our young people, growing jobs and economic opportunities and improving the quality of life for our residents.

As you will see in the following pages, this budget mitigates a \$44 million dollar deficit driven primarily by rising costs in pension, medical and contractual salary increases through the sale of city assets currently managed by the Hartford Parking Authority. The sale of these assets will prevent a mill rate increase of 6.8 and lay offs of over 200 city employees. The valuation and analysis of this transaction is on going.

This one time income provides financial flexibility with the understanding that the same financial challenges we faced this year, we will be facing next year. This sale will give us a surplus of \$20 million towards our city's Fund Balance. We will need that surplus, however, to address the bottom line reality that our fixed costs are growing faster than our revenues and that is not a sustainable financial model. Next year's benefits and insurance contribution alone is \$19 million dollars more than the current fiscal year. To combat this reality, we will continue to improve efficiencies within the operation throughout the year.

This budget also proposes the hard but necessary decision to increase our current mill rate by 2.5. This decision combined with \$18 million in deep spending cuts is our way of ensuring that taxpayers do not shoulder the entire burden of our fiscal deficit and that we don't



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dismantle our workforce to the level where they cannot perform essential city services.

In conformity with all legal requirements, this budget contains:

- A placeholder for the sale of city assets managed by the Hartford Parking Authority to the City of Hartford Pension Fund conservatively estimated in the amount of \$34.5 million.
- A mill rate increase of 2.5, or 3.4%, providing an additional \$8.4 million in property tax revenue
- An increase of \$20.1 million to the Fund Balance.
- No reduction in essential city services.
- A General Fund Revenue Budget of \$577.5 million representing an increase of \$47.1 million, or 8.9%, over the FY 13-14 adopted budget, driven primarily by the sale of city assets managed by the Hartford Parking Authority and the increase in the mill rate.
- A General Fund Expense Appropriation totaling \$557.4 million representing an increase of \$18.6 million, or 3.5%, over the FY 13-14 adopted budget, driven primarily by significant increases to pension and benefit costs.
 - It also includes \$18.1 million in spending reductions
 - A decrease in appropriations for 10 city departments
 - A reduction in workforce of 99 positions, mostly vacancies, including the elimination of a new police class
 - An increase of \$1.2 million dollars to the Fire Department driven by contractual cost of living salary increases
- The full required city contribution of \$38.8 million to the Municipal Employees' Retirement Fund, after adjustments, without the need for a Memorandum of Understanding.
- A five-year Capital Improvement Program (CIP) totaling \$465.1 million gross and \$239.6 million net after reimbursements. The CIP has been tailored to continue to make those repairs and investments that are essential to improve the quality of life of our residents but in alignment with our economic reality. A CIP



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ordinance subject to approval by City Council is included in this recommended budget. These items include:

- Additional allocation for the paving and improvement of our streets
- A more dedicated focus on improving our parks, sidewalks, playgrounds, anti-blight efforts, residential property façades, and overall infrastructure.
- A consistent focus on preserving our public safety including:
 - Construction of an additional police sub-station
 - No lay offs for sworn police officers
- An annual Grants Budget for Fiscal Year 14-15 of \$100.6 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 General Fund appropriation \$8.2 million to the Hartford Public Library representing no reduction over the FY 13-14 adopted budget.

This Fiscal Year 14-15 Recommended Budget includes the following mitigation strategies: the sale of the city assets managed by the Hartford Parking Authority to the Pension Fund, an increased mill rate, the elimination of 99 positions, \$18 million in cuts to departments and increased revenues from permits and fees.

We will face the challenges of this budget just like we’ve done other challenges in the past, by working in concert to preserve the growth of our City. For this current fiscal year, we are estimating that we will meet our current budget while making every effort to minimize the draw down on our Fund Balance.

We cannot change the reality of rising pension and benefit costs but I will be working with the Pension Commission and the Treasurer to



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review our pension assumptions, including the recommendations recently submitted by the Pension Task Force. We will continue to explore ways to fund our obligation in a manner that addresses our fiscal reality but is also aligned with our overall objectives.

This proposed budget represents a responsible solution to the financial moment we face without jeopardizing our future growth and prosperity. This budget reflects the tough choices necessary to preserve the overall health of our city and sets us on the course to becoming one of America's Best Capital Cities.

Sincerely,

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

Pedro E. Segarra
Mayor