



PEDRO E. SEGARRA
MAYOR

To the Honorable Members of City Council and all City of Hartford residents, it is my honor to present the Mayor's Recommended Budget for Fiscal Year 2016 for your review and consideration.

Like in years past, this Budget is fiscally prudent and accountable to all municipal stakeholders. The figures proposed in this Budget protect 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 each year to deliver a balanced budget that places our City on a path for 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 main "narrative" in this proposed budget is that once again we are reducing spending while protecting public safety and not 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 FY15 Adopted Budget
- No Mill Rate increase
- No reduction in essential city services
- No layoffs in any department
- Additional public safety employees including an additional Assistant Fire Chief, 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



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- A restructuring of existing debt that will reduce debt service payments by \$12 million
- A General Fund appropriation of \$284 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 \$577 million gross and \$368.8 net after reimbursements that includes;
 - \$20 million for Hartford's Levee System
 - \$4 million for John C. Clark Elementary School
- 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

As you will see, this budget mitigates a gap of \$48.7 million - driven almost equally by reductions in revenue and increases in expenses. For perspective, to close 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 Recommended 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 cannot 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 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: The City Administration, City Treasurer, and City Council are working together to establish a Trust Fund for Other Post-Employment Benefits (OPEB). The OPEB Trust will be created during FY2016



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and from this available reserve balance the City 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 Recommended 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 enhance our infrastructure, and invests in long-term strategies that will assist in developing policies that can put us on a path to financial sustainability including being smarter about the timing and process for capturing savings from health benefits and evaluating our organizational structure to modernize our service delivery.

As this Recommended Budget progresses through a Public Hearing and deliberation by the Court of Common Council, we will gain additional information on state-level municipal aid that will help us finalize our numbers.

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

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

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.



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Today in Hartford we are:

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

We've accomplished a lot together and there is more on the way. We will continue to work towards the best possible Adopted Budget for the City of Hartford. I welcome input and suggestions and look forward to final approval of a responsible budget for next year.

Sincerely,

A handwritten signature in black ink, appearing to read "Pedro E. Segarra", written in a cursive style.

Pedro E. Segarra
Mayor