



LUKE A. BRONIN
MAYOR

Dear Members of the Court of Common Council and Fellow Hartford Residents:

Since taking office three months ago, our budget and finance team has been hard at work examining the City's budget numbers and testing every assumption. We have found that Hartford's fiscal situation is worse than we could have imagined, with a deficit of \$48.5 million in FY2017, and with even larger deficits projected in the years ahead.

A large portion of Hartford's budget is fixed, including \$284 million for education, \$30 million in debt service, more than \$40 million in payments into the pension fund, and more than \$20 million for costs such as utilities. When you consider that the overwhelming share of the remaining costs include essential services like fire, police, and public works, a \$48.5 million deficit represents a massive gap.

As we work to close the FY2017 budget gap, I believe that we must be guided by a few basic principles:

First, we cannot raise the mill rate above the current 74.29. If we do, we will drive out Hartford employers, small and large, who already shoulder a tax burden far higher than any other city or town in Connecticut. We cannot afford to let that happen. The budget I am recommending to you today does not raise the mill rate.

Second, we must base our budget on realistic, honest projections. The FY2016 budget underestimated many costs, including the cost of overtime in various departments and the costs of pensions and other payouts. We will do everything we can to control and contain costs, but there is no room in the FY2017 budget for error or for underestimating.

Third, we must find real, sustainable savings. Those savings must take the form of reductions in services and personnel, and they must also come from changes in salaries and benefits. The budget I am recommending makes substantial cuts, including eliminating nearly one hundred positions, or approximately 15% of all non-uniformed personnel, in a city where the workforce is already very lean. These cuts will result in approximately forty layoffs. The budget also assumes approximately \$15.5 million in savings as a result of labor negotiations, and another \$1 million from corresponding changes in non-union employee compensation. If we are unable to obtain those savings from labor negotiations, there must be even deeper cuts in services and personnel.

Fourth, we must not steal from the future by selling assets that generate annual revenue for our City. We should not try to "monetize" future revenue by selling parking garages or selling the rights to collect parking fees. That said, this budget does convey land at Batterson Park to our pension fund, as partial payment of our required pension contribution. This land does not currently produce revenue for the City, and to the extent that the land increases in value or produces revenue in the future, Hartford's pension fund - and therefore the City - will continue to benefit.

Finally, even amidst the deepest cuts, and even as we make tough choices, we must minimize the harm we do to vital programs and services. While this budget does reduce funding to the Hartford Public Library, we believe that the library will be able to absorb these cuts without closing the library branches that serve our neighborhoods. This budget recognizes the need to continue recruiting new police officers, as many older officers prepare to retire. And one of the very few things that is not reduced at all in this budget is funding for summer youth employment.

The cuts in this budget are real, and they require difficult changes. For example, to control and contain police overtime costs, this budget assumes that Business District Service Officers and other special duty police officers will



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be returned to patrol, and also assumes that the number of Community Service Officers will be reduced to supplement patrols. There are drastic reductions in City funding for arts and culture, including the elimination of any City subsidy for major events such as parades or festivals. We will continue to welcome such parades and festivals, but they will have to reimburse the City for the full, true cost of such events. There are reductions in nearly every department, including in the departments of Health & Human Services and the Department of Families, Children, Youth & Recreation.

None of these cuts are easy. But any spending cut that is restored or rejected during this budget process will have to be offset by another cut or by greater labor savings. If we are determined not to raise the mill rate, those are the options.

We must reduce dramatically our Capital Improvement Plan to minimize future borrowing, and we will not issue any new debt in FY2017. The budget I am recommending reduces the capital investment authorization from the previously planned \$110 million to \$48.6 million, and we will focus our investment on critical infrastructure, public safety, investments to reduce ongoing operating costs, and the completion of projects already underway. The budget assumes that we will not issue any new debt in FY2017, and that any capital improvements made in FY2017 will utilize dollars already borrowed.

Implementing this budget will be difficult, and it will depend heavily on reaching timely agreements with our municipal labor unions. This year, the budget process will not end with the adoption of a budget. We are in discussions with our labor unions, and I have committed to meet personally anytime and anywhere to reach agreements. We have proposed specific terms that would allow us to achieve the savings we need. I welcome alternative proposals for achieving savings. But the savings must come, or we will be unable to balance our books in FY2017.

Finally, let me be very clear about an important point:

If we obtain the necessary labor savings, this budget will get us through Fiscal Year 2017. But this budget does not represent a sustainable budget for the City of Hartford. Even with the cuts and even with the hoped-for savings from labor negotiations, this budget draws down every last dollar of the City of Hartford's available reserves. While we will not sell off assets that produce revenue, we need to be very honest about the fact that this recommended budget still relies on "one-time" revenue. We've reduced our reliance on one-time revenue from more than \$30 million in the FY2016 budget to approximately \$16 million. But we are still relying on one-time revenues to close approximately one third of the FY2017 deficit.

Heading into FY2018, we will face another gap that will almost surely exceed \$30 million, because we will not have the \$16.5 million in reserves and other one-time funding sources, our debt payments will go up by another \$10 million, and pension payments and other costs will rise as well. In FY2019 and FY2020, the problem grows larger, as debt payments and other costs rise further. We will have already made big cuts. We will have already gotten labor concessions. Without new revenues or new tools, the City of Hartford will not be able to overcome those deficits.

This budget makes the cuts we can responsibly make, while continuing to deliver vital services to the residents of our city. There is a limit to the cuts that can be made, and there is a limit to the taxes our small city can support. ***In the years ahead, the Hartford region and the State of Connecticut must play a different role, by fully funding***



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Payments in Lieu of Taxes (PILOT), by establishing regional revenue sharing arrangements, and by increasing options for local revenue generation.

With the right level of support and investment, the City of Hartford is poised to become a healthy, vibrant, and growing metropolitan center. To seize that future, we must act boldly and we cannot shy away from difficult choices or from change. But we must also build a statewide and regional consensus that Hartford's success matters, not just to Hartford, but to the entire state. We must build that consensus quickly, because our looming fiscal challenge is bigger than we can overcome alone.

Respectfully,

A handwritten signature in black ink, appearing to read "Luke A. Bronin".

Luke A. Bronin
Mayor