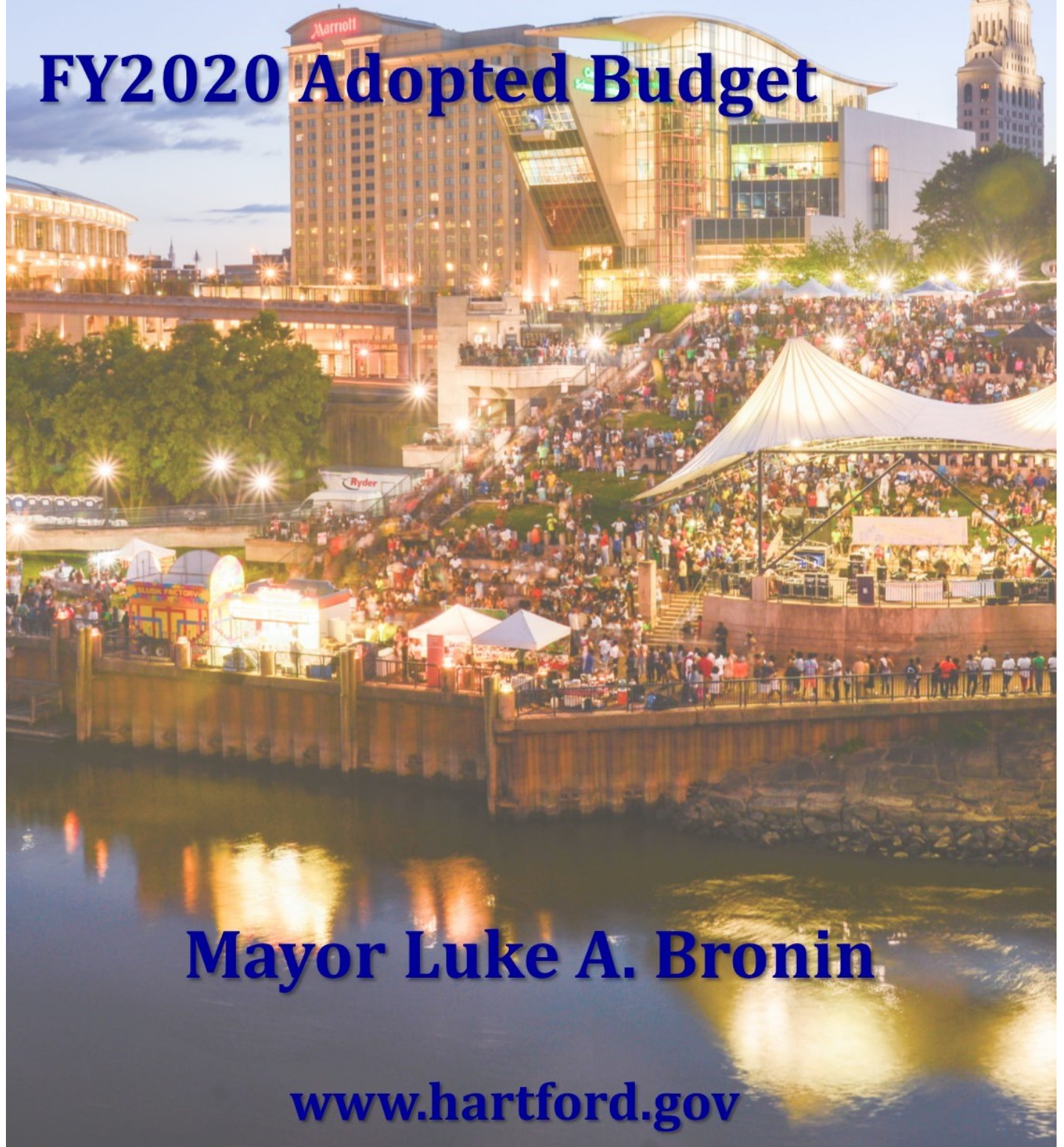


City of Hartford



FY2020 Adopted Budget



Mayor Luke A. Bronin

www.hartford.gov



LUKE A. BRONIN
MAYOR

July 1, 2019

Dear Fellow Hartford Residents:

Over the last three years, we have worked together to build a foundation for Hartford's future. We confronted a fiscal crisis honestly and directly. We made difficult choices and built the partnerships necessary to move our city from crisis to stability. At the same time, we invested in public safety, worked to support our young people, and funded programs to protect our most vulnerable residents. This budget continues that work.

We should be proud of the stability we have achieved, but our fiscal position is still fragile, and we have much more work to do. We retain the significant savings we have found in previous years. We don't plan to borrow any money. We will not raise taxes.

This budget delivers essential services only while making targeted investments to improve quality of life throughout our neighborhoods. We continue to protect education funding to support the Superintendent's District Model for Excellence. Even if the State allows us to use half of the approximately \$3.2 million in additional education funding for non-education operating expenses, as is proposed in the Governor's budget, we will instead dedicate the entire amount to our schools, with a focus on chronic absenteeism. We also continue to fund youth engagement, arts and culture, and other programs that enrich our community with private dollars.

In the long term, our goal must be to reduce property taxes, rebuild the fund balance, and fully restore efficient access to the capital markets. To do that, we must be disciplined, and we need to stick to our long-term financial plan. Most important of all, we must promote inclusive economic growth and expand our property tax base.

You can see the beginning of that growth now. In our neighborhoods, projects that stalled for decades are underway - from Bowles Park to the Swift Factory, from Parkville Market to the Colt Building, from Pearl Street to Park & Main. We are making long-overdue investment in our parks, renovating historic schools, partnering to see a new Boys & Girls Club built behind Burr School, and completing vital projects like the Albany Avenue streetscape. Partnering with our biggest employers, we are re-establishing Hartford as a hub for innovation in the industries that helped make our city strong.

Though our departments remain lean and, in some cases under-resourced, we continue to improve our operational practices to better serve our residents. Still, there are things I wish we could fund that we cannot. But by staying disciplined and working to grow Hartford, we will move our city from stability to strength. Our goal is simple and clear: to build our city into the vibrant center of this region of more than a million people - and to ensure that everyone, in every neighborhood, has a share in Hartford's rise.

Sincerely,

A handwritten signature in black ink, appearing to read "Luke A. Bronin", written over a horizontal line.

Luke A. Bronin
Mayor



City of Hartford FY2020 Adopted Budget Executive Summary

FY2020 Adopted Budget Top Lines

The Fiscal Year 2020 (FY2020) Adopted Budget does not raise taxes, does not borrow money, preserves savings we've achieved over the past few years, and protects funding for core services, with a priority on public safety, basic quality of life, and support for our most vulnerable residents. The FY2020 Adopted Budget also reflects the partnership with the State of Connecticut, under which the State assumes responsibility for making payments on the City's previously bonded general obligation debt. The FY2020 Adopted Budget is consistent with the five-year financial recovery plan adopted by the City and approved by the Municipal Accountability Review Board in 2018.

General Fund:	FY2019 Adopted Budget	FY2020 Forecast	FY2020 Adopted Budget	Variance (\$)	Variance (%)
Total Revenues	570,041,106	573,280,741	573,280,741	3,239,635	0.6%
Total Expenditures	570,041,106	573,280,741	573,280,741	3,239,635	0.6%
Surplus / (Deficit)	—	—	—		
Expenditures adjusted for:					
Debt & Other Capital Investment	(12,600,000)	(11,450,000)	(11,450,000)		
Base Expenditures Comparison	557,441,106	561,830,741	561,830,741	4,389,635	0.8%

Figure 1: FY2019 Adopted Budget, FY2020 Forecast & FY2020 Adopted Budget, Revenues and Expenditures

The FY2020 Adopted Budget is \$573.3 million. Excluding debt and other capital investment expenditures, the budget contains an 0.8% or \$4.4 million increase from last year. The FY2020 Adopted Budget is balanced and it does not rely on any one-time revenues, asset sales, or deferments of obligations. It anticipates funding a modest Capital Improvement Plan (CIP) through operating funds.

The size of the City workforce remains dramatically smaller than in prior years. This budget projects a total City workforce that is 43% smaller than the workforce of thirty years ago (FY1990). Excluding Public Safety personnel, the workforce in FY2020 will be fifty-three positions, or 11% smaller, compared to the workforce in FY2015.

In addition to savings from service and personnel reductions, the City has reached significant labor agreements with all of its municipal labor unions, including the Hartford Firefighters Association, the Hartford Police Union, the City of Hartford Professional Employees Association, the American Federation of State, County and Municipal Employees, Council 4, Local 1716, Hartford Municipal Employees Association and Municipal Lawyers' Association. Collectively, these agreements save the City \$12 million in this budget, and make important, long-term structural changes that will save millions of dollars in the years ahead.

Education Funding

The FY2020 Adopted Budget includes \$284,013,274 for Hartford Public Schools, maintaining education funding levels from previous years. The Governor's Proposed Budget for FY2020 includes approximately \$3.2 million in additional education funds for Hartford, compared to the State's FY2019 adopted budget. If that provision of the Governor's budget is enacted, the City would be allowed to use half of that additional funding to support non-education operating expenses. However, this budget would pass on the entire \$3.2 to the school system. Part of the funding would be earmarked for functions aimed at reducing chronic absenteeism.

Areas of Interest in FY2020 Adopted Budget

In recent years, the City has recruited large numbers of police and firefighters to make up for significant attrition in both departments, and the FY2020 Adopted Budget continues to prioritize Public Safety recruitment, including funding for 64 new police officers. The City has also recruited more than one hundred firefighters in the last three years, funded in part through a multi-year, \$11 million Staffing for Adequate Fire and Emergency Response (SAFER) grant secured in 2017. The SAFER grant continues to cover 62% of the cost of those new hires in FY2020.

The budget includes a significant investment to resource the Department of Public Works more appropriately and thereby improve quality of life in the City. Hartford's aging tree canopy requires additional maintenance, and this budget includes funding to re-

establish a Forestry Division within the Department of Public Works consisting of four new staff members as well as resources for supplies and equipment. The Forestry Division will help improve the City's response to tree-related issues.

To improve vehicle and pedestrian safety on our roadways, there is also approximately \$560,000 allocated for a wide range of traffic signal, traffic sign, and traffic line improvements that will allow the City to both continue upgrading its traffic management system and better maintain existing traffic infrastructure.

Additional Public Works investments include resources for maintenance of the City's heavy vehicle fleet and police vehicle fleet, as well as security for and general maintenance of public facilities.

This budget funds a rodent control program, including two additional rodent inspectors, a supply of the appropriate rodenticide, and a public information campaign. This investment is necessary as a number of factors, including construction around the City, utility work, and climate change, have caused an increase in rodent complaints from residents.

Funding for the Hartford Public Library and the City's recreational centers remains stable and protected. The FY2020 Adopted Budget preserves funding for the most vulnerable, including services to support homeless residents, particularly during winter months. The budget also includes funding for summer youth employment and youth violence intervention.

Funding Capital Improvements with Operating Funds

This budget assumes a CIP budget of approximately \$32 million in FY2020, and the City intends to manage its CIP to meet basic municipal infrastructure needs on a pay-go basis for fiscal years 2020-2024, without issuing new debt. All significant infrastructure projects, from road repairs to school renovations, will be funded from grant funding and from the general fund. The CIP will be focused on critical infrastructure items, with a priority given to school infrastructure, compliance with court orders, life safety improvements, grant match funding that allows Hartford to leverage other sources of funding, and limited funding necessary to promote economic development.

Maintaining the Partnership with the State of Connecticut

The FY2020 Adopted Budget is the City's second budget that is subject to review by the Municipal Accountability Review Board (MARB). In December of 2017, Hartford applied for and received designation as a Tier III municipality under the MARB, making it eligible for financial assistance from the State in exchange for stringent accountability standards. The City has been providing financial reports, including monthly projects, cash flow analysis, and a rolling 3-year financial plan to the State.

The FY2020 Adopted Budget incorporates the contract assistance agreement reached with the State of Connecticut in March of 2018, under which the State has committed to make debt service payments on the City's outstanding general obligation debt.

In March of 2019, Moody's Investors Service upgraded the City's issuer rating to B1 from B2 to reflect "the stabilizing financial position and improved liquidity" achieved through Contract Assistance, "cost saving measures taken by the city through labor contract agreements and tight expenditure controls." Moody's also maintained its A2 rating on Hartford's general obligation bonds, and it revised its outlook from stable to positive given its "expectation that the city will adhere to its financial recovery plan."

Five Year Outlook

The City of Hartford provided its 5-year Municipal Recovery plan to the MARB in March 2018, comprised of revenue and expenditure assumptions, contract assistance for debt service, labor savings, economic development goals and initiatives to generate Grand List growth, as well as revenue and expenditure initiatives, which together enable a pathway to fiscal balance.

The FY2020 Adopted Budget adheres to the Municipal Recovery Plan, which requires continued fiscal discipline, growth and out-year savings. The City's consistency with this plan and recent bond rating upgrade demonstrates the continued progress to maintaining fiscal stability and focus to move from stability to strength.