



City of Hartford

Committee of the Whole FY10-11 Budget Workshop Topic: Expenditures

February 4, 2010



Agenda

Agenda Item

Time (est.)

1. Introductions: 10 minutes
 - *Mayor Perez & President Segarra*
2. Recap: 5 minutes
 - *Ted Carroll, Facilitator*
3. Expenditure: Overview 20 minutes
 - *David Panagore/Rick Galarza*
4. Expenditure: Big Ideas 145 minutes
 - *Ted Carroll, Facilitator*



Ground Rules (adapted from those Hartford 2000)

We come prepared.

We think before we speak

We listen to each other

We share and respect diverse points of view

We don't attach each other personally

We don't shout

We stay for the whole meeting (if possible)

We avoid side conversations in and out of the meeting room

We are guided by the meeting chair or facilitator

We turn off our cell phones during the meeting (put on vibrate)

We speak briefly and to the point (we respond to the questions that were asked of us)

We do not make inflammatory statements or accusations

We work together to adhere to the times noted on the agenda

We help each other stay on topic and on agenda

We enjoy ourselves (as much as possible)

We get information that is requested in a timely way

We trust each other to understand our roles and commitments

We speak with candor, courage and creativity

We represent the larger public interest, not narrow self-interest

We assume positive intent.



Expenditure Overview

Agenda Item

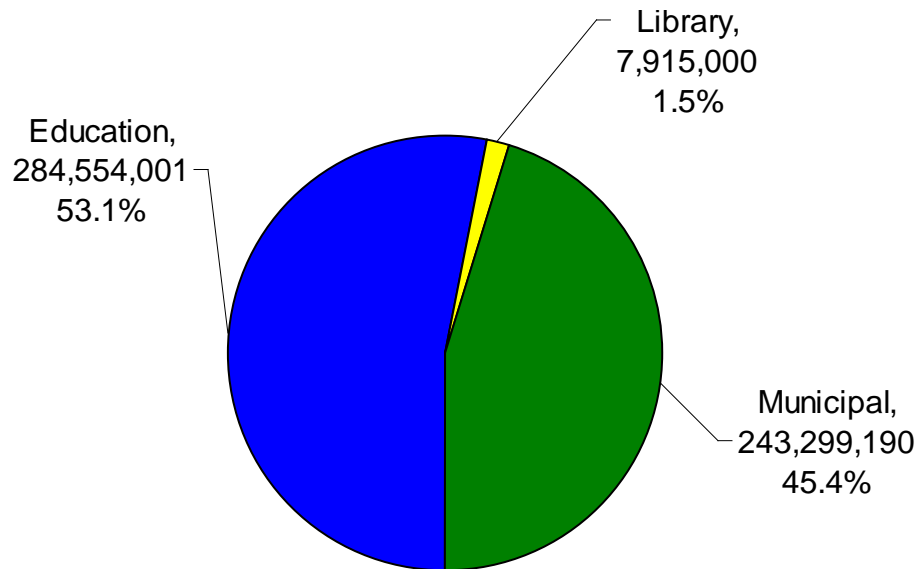
- Budget (Current and Forecast)
- Budget Breakout - 5 Major Expenditure Increases
 1. Municipal Employer Pension Contribution
 2. Municipal Operating Departments
 3. Employee Benefits
 4. Debt Service
 5. Utilities
- Expenditure ideas for closing the gap



Where Does The Money Go?

FY 09-10 - General Fund Budget \$ 535,768,191

Education	\$ 284,554,001	53.1%
Hartford Public Library	\$ 7,915,000	1.5%
Municipal	\$ 243,299,190	45.4%
General Fund Budget	\$ 535,768,191	100%





Financial Forecast

\$ in million

	FY 10-11 Forecast as of 5/31/09	FY 10-11 Forecast as of 12/22/09	FY 10-11 Forecast as of 2/4/10
Revenue	\$ 535.8	\$ 529.3	\$ 529.3
Expenditure	\$ 579.3	\$ 573.8	\$ 572.2
	\$ (43.5)	\$ (44.5)	\$ (42.9)



Financial Forecast Detail

as of February 4, 2010

\$ in million

Major Revenue Declines

- \$ (2.0) Prior year tax collections
- \$ (2.0) Building structure and equipment permits
- \$ (2.0) Land sales
- \$ (0.5) Charges for services

Economic
Condition

Major Expenditure Increases

- \$ 15.7 Hartford Public School System
- \$ 7.8 Pension Contributions
- \$ 4.1 Employee Benefits
- \$ 4.5 Operating Departments
- \$ 3.0 Debt Service
- \$ 1.0 Utilities
- \$ 0.3 Hartford Public Library

Detail

City-wide COLA's
Growth Increments
Overtime
Supplies and Materials
Equipment



Major Expenditure Increases = \$36.4m

1. \$ 7.8 Municipal Employer Pension Contribution
 2. \$ 4.5 Operating Departments
 3. \$ 4.1 Employee Benefits
 4. \$ 3.0 Debt Service
 5. \$ 1.0 Utilities
- \$ 20.4 Municipal Total**

Major Non-Municipal Increases

- \$ 15.7 Hartford Public School System
- \$ 0.3 Hartford Public Library
- \$ 16.0 Non-Municipal**

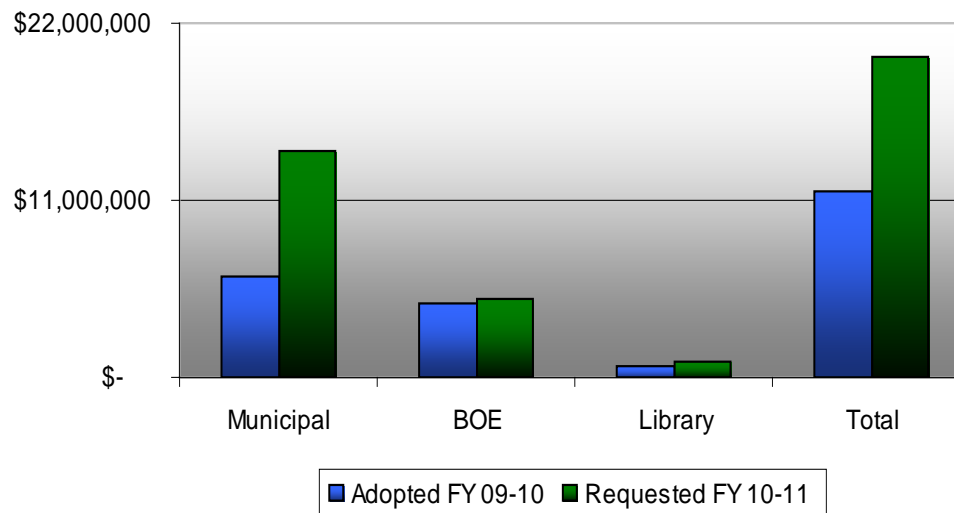


1. Municipal Employer Pension Contribution to the MERF

\$7.8m Increase

MERF Pension Payments

	<u>Adopted FY 09-10</u>	<u>Distribution % of Budget</u>	<u>Requested FY 10-11</u>	<u>Distribution % of Budget</u>	<u>Adopted to Requested Dollars</u>	<u>Variance Percent</u>
Municipal	\$ 6,239,000	54%	\$ 14,003,644	70%	\$ 7,764,644	124%
BOE	\$ 4,606,000	40%	\$ 4,924,427	25%	\$ 318,427	7%
Library	\$ 743,000	6%	\$ 1,006,229	5%	\$ 263,229	35%
Total	\$ 11,588,000	100%	\$ 19,934,300	100%	\$ 8,346,300	72%



Increase is primarily due to the losses in the financial markets in Fiscal Year 2008-2009.

Estimated and based on the preliminary Annual Valuation for July 1, 2009



2. Municipal Operating Departments

\$4.5m Net Increase

Non-Public Safety Departments

\$ 212,000 Registrars of Voters - Primary and General Election Expenses

\$ 235,000 Public Works - COLA's and Growth Increments

Total \$ 447,000 or 10%

Public Safety Departments

\$1,100,000 Fire - Net Overtime

\$2,300,000 Police Overtime, Growth Increments and less attrition

\$ 660,000 Emergency Services and Telecommunications - COLA's and Growth Increments

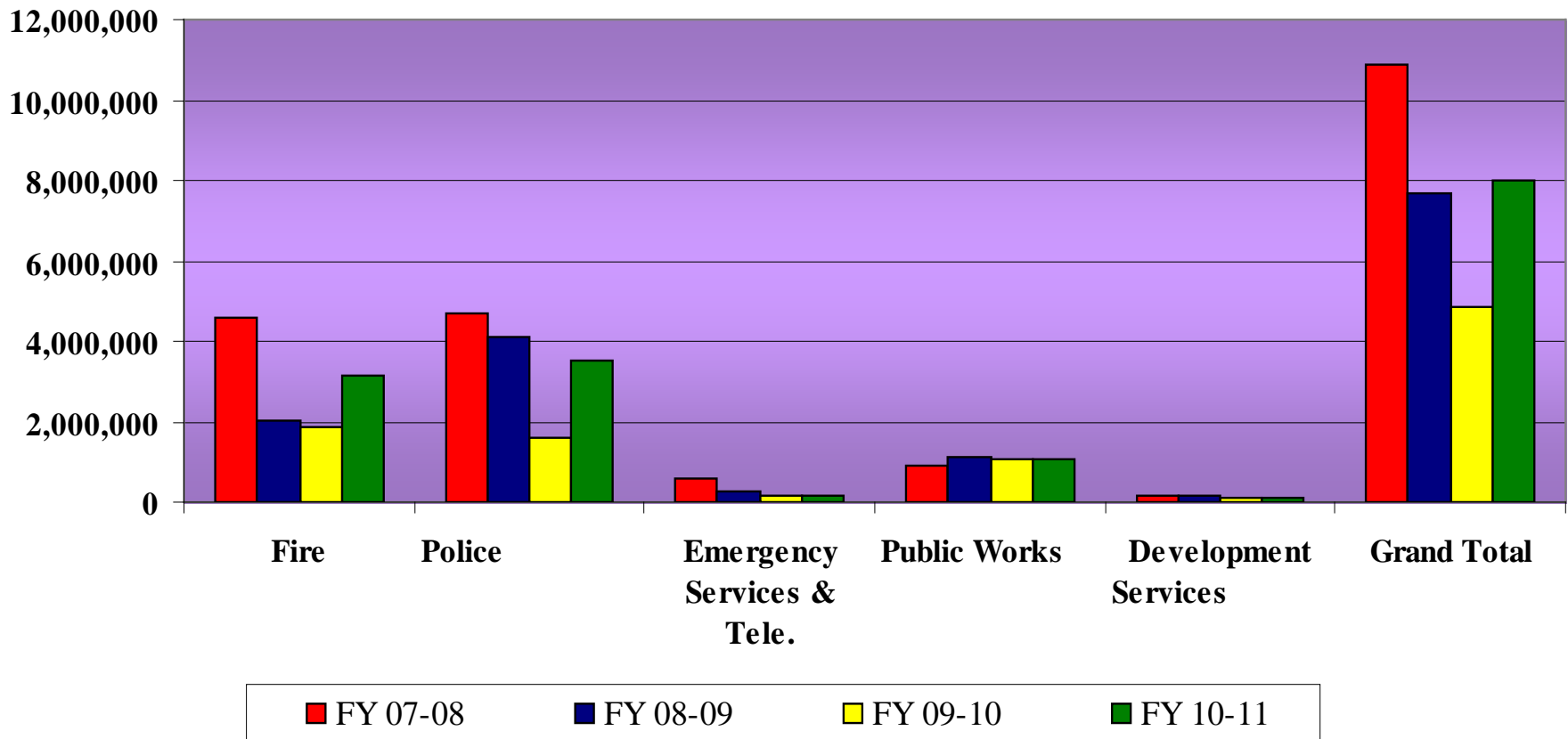
Total \$4,060,000 or 90%

Grand Total \$4,507,000 or 100%



2a. Municipal Operating Departments

General Fund Overtime



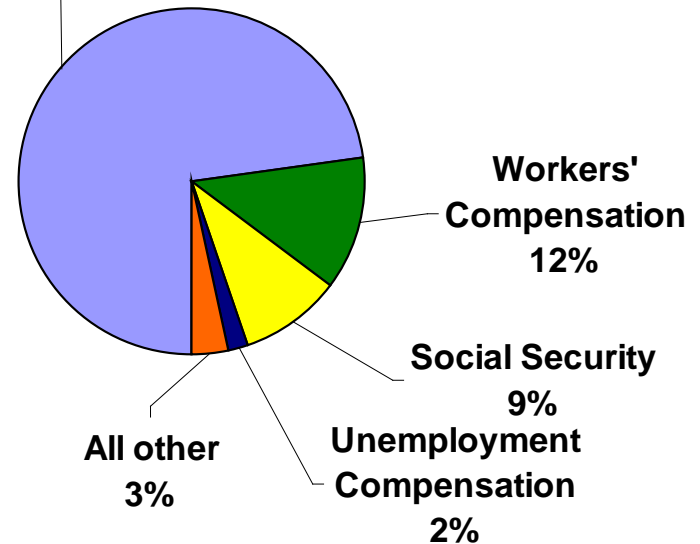


3. Employee Benefits Program

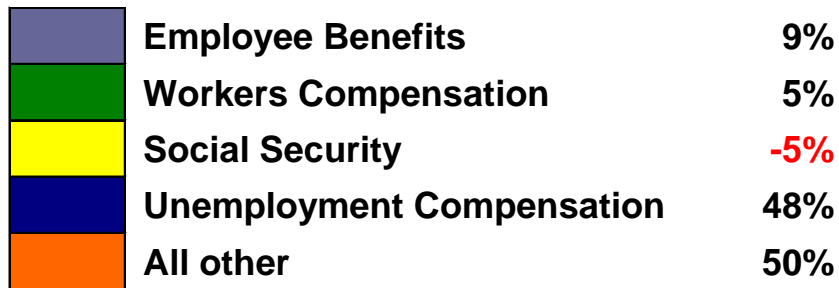
\$4.1m Net Increase

Distribution of Budget For FY10-11

Employee Benefits
74%



Change in Budget For FY10-11





4. Debt Service

Fiscal Year 2010-2011

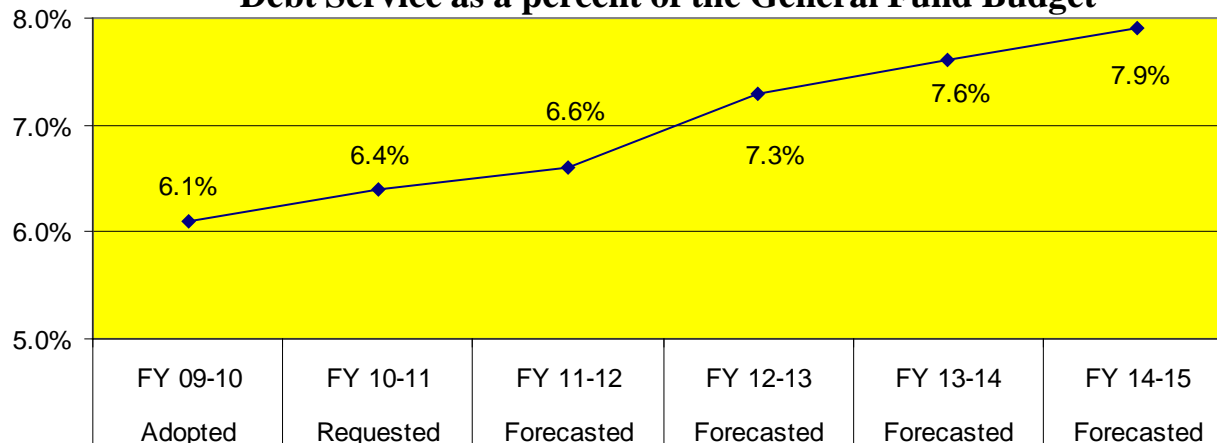
Budget Requested: \$3.0 M Increase

\$35.4M - Principal & Interest payments for Bonded debt
 800K - Pay-down of vehicle and equipment notes

Debt Refunding Opportunities:

September refunding – \$12.1M refunding = \$1.03M cash flow savings over 9 yrs.
 Monthly monitoring of debt refinancing – no current issues with opportunity

***Debt Service as a percent of the General Fund Budget**



*Financial note:

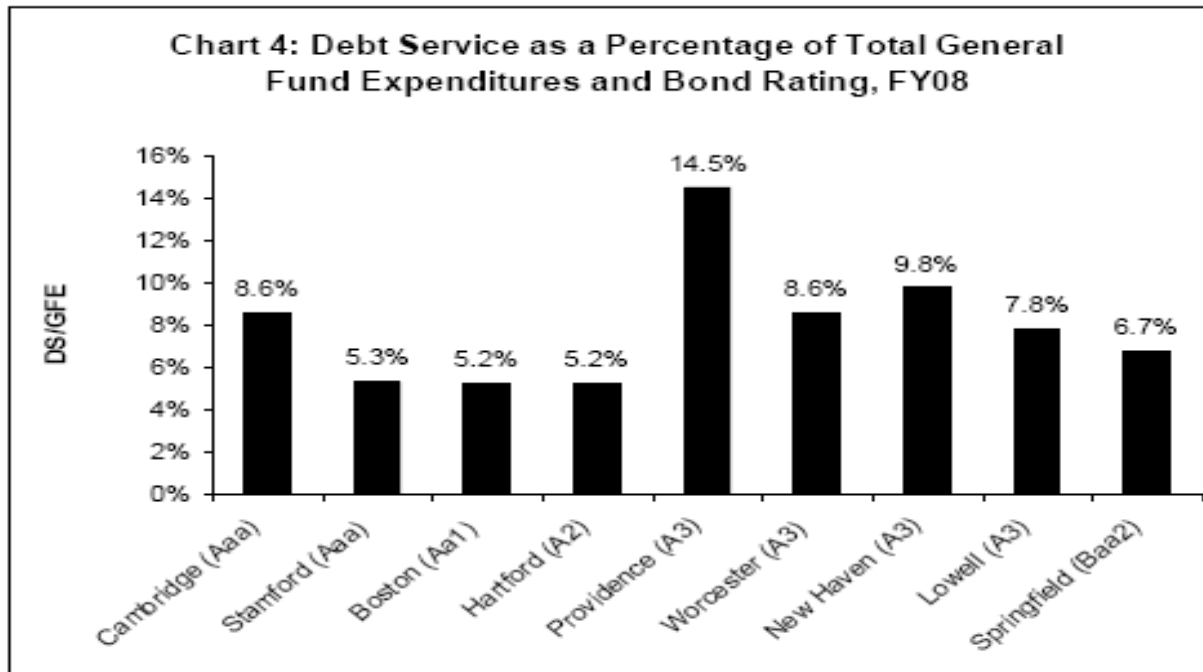
- Percent of debt service for bonded debt principal and interest to budget – Projected budget increases of 3%
- Assumes debt issued in accordance with CIP 10 year estimate
- Rating agencies consider 5% to 10% to be the range for fiscally responsible debt service management



4. Debt Service

How Hartford compares with peer cities in region.

As of 7/27/09 Hartford (A2 Rating) ranks with Boston as lowest debt service as percent of General Fund



Source:
Benchmarking Municipal Finance July 27, 2009
Worcester Regional Research Bureau



5. Utilities

Budget Request: \$1.0 M Increase

Metropolitan District Commission (MDC) - \$760,000

Municipal Electricity - \$319,000

Net of all other accounts - **\$(69,000)**

Current Initiatives:

Fuel Master Upgrade

Energy conservation and efficiency assessment/plan

Single-stream recycling - program expansion

Citywide Facility Study



Expenditure ideas for closing the \$42.9m Budget Gap

Leadership - Expenditure Reduction Options

Mergers

	<u>Short - Term</u>	<u>Long-Term</u>	<u>Savings</u>
Examine merger of City departments	Short - Term		\$
Examine merger of City-HBOE functions (e.g. Finance, Human Resources, Buildings and Ground/Public Works, etc.)		Long-Term	\$\$

Regional Solutions

Examine forming regional school district		Long-Term	\$\$\$
Examine regionalizing other services (e.g. parks maintenance)		Long-Term	\$\$

Budgets

Direct each department to reduce expenditures by some factor	Short - Term		\$
Review list of proposed capital improvement projects	Short - Term		\$
Provide less than maintenance budget to HBOE	Short - Term		\$\$\$

Staff

Enlist community groups to perform certain functions (i.e. management of pools)		Long-Term	\$
Provide incentives to employees to find ways of reducing waste	Short - Term		\$
Create internships for youth	Short - Term		\$
Enlist companies and friends groups to take over support of parks		Long Term	\$
Tap volunteer efforts for certain City functions		Long-Term	\$
Examine less expensive benefit options	Short - Term	Long-Term	\$\$
Enact furloughs	Short - Term	Long-Term	\$

Misc Expenses

Extend the school day, in order to close schools for some days		Long-Term	\$
Defer pension payments, at least in part	Short - Term		\$\$
Structure legal settlements in ways that don't require immediate payment	Short - Term		\$

Key: \$-Small, \$\$-Medium, \$\$\$-Large



Expenditure ideas for closing the \$42.9 Budget Gap

Technology

	<u>Short - Term</u>	<u>Long-Term</u>	<u>Savings</u>
Purchase new telephone system and other technologies to offset job losses	Short - Term		\$
Purchase and install artificial turf on athletic surfaces to save on maintenance		Long-Term	\$
Acquire technology to secure information more quickly	Short - Term		\$
Invest in energy conservation technology, materials and activities	Short - Term	Long-Term	\$\$

Community

Make housing affordable to artists and musicians to energize city	Short - Term		\$
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Employees

Provide professional development to help staff move up in organization	Short - Term		\$
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Key: \$-Small, \$\$-Medium, \$\$\$-Large



Thank you

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