

# S.M.A.R.T. BUDGET *NEW BRITAIN*

Mayor's Budget  
FY 2017

April 13, 2016



Mayor  
*Erin E. Stewart*

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# S.M.A.R.T

- Specific
- Measurable
- Attainable
- Realistic
- Timely



S.M.A.R.T.

# New Britain Common Council

Jamie Giantonio, President Pro Tempore  
Daniel Salerno, Majority Leader  
Carlo Carlozzi Jr., Minority Leader  
Wilfredo Pabon, Assistant Majority Leader  
Robert Smedley, Assistant Majority Leader  
Shirley Black  
Tremell Collins  
Daniel Davis  
Jerrell Hargraves  
Don Naples  
Christopher Polkowski  
Kristian Rosado  
Louis Salvio  
Emmanuel Sanchez  
Jim Sanders Jr.





## Board of Finance & Taxation

Mary Marrocco, Chairwoman

Robert Kusiak, Vice Chairman

Maritta Daddio

Michael Halloran

Josephine Moreno

Richard Reyes

Meiline Smith





# Budget Team

a collaborative effort

- **Mayor Erin E. Stewart**
- Jodi Latina, Chief of Staff
- Lori A. Granato, Finance Director
- Jonathan Perugini, Deputy Finance Director
- Becky Salerni, Deputy Finance Director
  - Amy Goldsberry, Fiscal Officer
- All Department & Division Heads





## FY 2016-2017 S.M.A.R.T. Budget Timeline

- Jan. 15, 2016 Dept. requests due to Mayor & BOF
- Jan. 28, 2016 BOF receives compiled budgets
- March 8, 2016 BOF presents budget to Mayor
- March 22, 2016 Council & BOE Joint Budget Meeting
- April 13, 2016 Mayor presents her budget to Council
- June 8, 2016 Council adopts final budget





# Demographics \*

- 7<sup>th</sup> largest municipality in the State
- 2014 Total City Population (est.) at 73,095
- Since the last census in 2010 a slight decrease
- Equates to an Estimated **29,287** Households
- Median Price of a House \$162,100
- Median Household Income \$40,515
- Median Age 33 years old
- There are an (est.) 44,000 vehicles registered in the city
- The average household has more than one car

\*Data obtained from the CT Economic Resource Center, Inc. 2016 New Britain CT profile.





# Looking Back 2013-14

- You have to know where you came from to know where you're going
- Flashback 2014
- Stability & Responsibility
- Tax increase to offset years of one time revenues or false budgeting
- Cut \$16 Million from general fund
- Rescinded debt by \$20 Million
- Grew rainy day fund to \$14.9 M in 2 years
- Contract Negotiations





## In 2015 we.....

- Increased our Grand List by adding an estimated \$1 million in new tax revenue
- Spurred growth resulting in 34 new businesses which created about 683 new jobs.
- Investing in a livable, walkable downtown near CTfastrak
- Achieved savings to avoid a tax increase giving residents a break
- Worked along side unions to find savings in moving to a high deductible health care plan





## Taking Action: Positive Results

- Set to finish FY16 in the black
- Slowly building the rainy day fund
- Growth in grand list
- Received a bond rating upgrade (A+)





S.M.A.R.T.

# Making Headlines

## THE BOND BUYER

Vol. 388 No. 34458 N.Y., N.Y.

THE DAILY NEWSPAPER OF PUBLIC FINANCE

Wednesday, February 10, 2016

### WEDNESDAY

[www.bondbuyer.com](http://www.bondbuyer.com)

#### WEB EXCLUSIVES

##### GOV. TOM WOLF PAINTED A DARK

picture of Pennsylvania's finances, urging lawmakers to plug a nearly \$2 billion budget deficit that has bond rating agencies poised for more downgrades.

##### MOODY'S INVESTORS SERVICE

downgraded more municipal bond par value than it upgraded in 2015. It was the seventh consecutive year that Moody's

### Conn. Mayor Manages A Rebound

By PAUL BURTON

Connecticut Gov. Dannel Malloy's grim State of the State address last week about state finances resonated with New Britain Mayor Erin Stewart.

"He should have given that speech a long time ago," Stewart said in a lengthy interview. "It's similar to what we had to deal with for the past two or three years."

Over that time, New Britain, a 73,000-population about 10 miles southwest of state capital Hartford, has rebounded from a \$30 million deficit and the brink of bankruptcy to a



"We're growing, that's for sure," according to New Britain, Conn., Mayor Erin Stewart, who was first elected at age 26 in 2013.

general obligation bond rating three levels from BBB to A in January 2015, and pushed it

"We're growing, that's for sure," said Stewart, first elected at age 26 in 2013 and one of

### Budget: Nothing New & DOA

By LYNN HUME, JACK CASEY AND JIM WATTS

WASHINGTON — President Obama on Tuesday unveiled a \$4.1 trillion budget for fiscal 2017, his last one, that includes his recently proposed \$10 per barrel tax on oil to fund green transportation projects and several recycled proposals that would either benefit or restrict the use of municipal bonds.

But the budget is dead on arrival in Congress and the

#### NEW BRITAIN

## Mayor's Speech: City 'Is Rising'

Stewart Cites Gains In Financial Areas

By DON STACOM

[dstacom@courant.com](mailto:dstacom@courant.com)

NEW BRITAIN — In one of the cheeriest-sounding state of the city speeches in years, Mayor Erin Stewart on Wednesday proclaimed that New Britain is on the rebound after a long series of fiscal crises.

But with decisions about the next budget approaching fast, Stewart pointedly cautioned that the city is still far from thriving.

"Our financial house may be in order, but we are definitely not out of the woods yet," she said. "We need to stay smart and stay the course on not spending more than we make."

Only a few months into her second term, Stewart said the city has made enormous progress with its seemingly perpetual budget woes. She credited new private investment and cooperative work with municipal unions to reduce costs.

"New Britain is rising," Stewart said. "We are on the way to a new place: a state of recovery and a renaissance."

Standard and Poor's has raised the city's credit rating to A+, and the once-depleted reserve fund is up to nearly \$15 million, she reported.

"That money is our safety net, an emergency reserve that we hope to never touch," she said. "Much like maintaining a personal savings account, the city needs to do the same. And prevent what was happening before — wasteful spending."

Stewart, 28, used new media to advance her message, a common practice for the youngest mayor in New Britain's history.



## Where we are now...

- Tough decisions/Responsible Budgeting
- Stable but not out of the woods financially
- We are keeping our eyes on the horizon for fiscal cliffs in future years
  - Increases in debt payments
  - Increases in medical costs
  - Increases in contractual obligations
  - Decreases in state aid/grants







S.M.A.R.T.

More than 34 new businesses  
opened in FY 2016





# What Drives Our Economy?



S.M.A.R.T.

# Tourism







S.M.A.R.T.

# High Tech Manufacturing







# Healthcare

## Dialysis Center

- American Renal Associates
- Herald Square
- 30,832 square feet
- \$3 million project



Completion date Fall 2016

## Memory Care Facility

- Farmington Ave.
- Private development
- More than 75 beds, assisted living



Construction to start late 2016



S.M.A.R.T.

# We also saw the expansion of the Hospital of Central Connecticut



  
**Hartford  
HealthCare**  
**Cancer Institute**  
at The Hospital  
of Central Connecticut

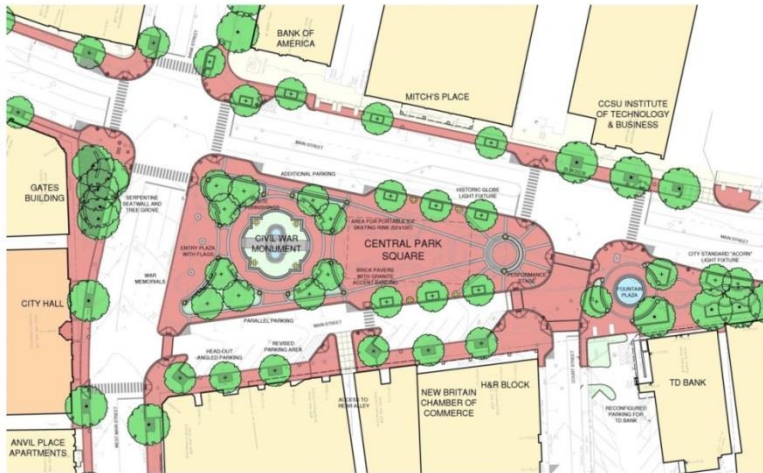


The road to  
success is  
always under  
construction.





## Central Park Square



Moving forward with our Complete Streets Master Plan – Phase 3 is complete!





S.M.A.R.T.

# COMING SOON!

Mayor Erin Stewart is proud to present

## "THE BEEHIVE BRIDGE"



FUSS & O'NEILL | Richter & Cegan Inc.

SVIGALS + PARTNERS | PIRIE ASSOCIATES



New Britain Public Works



Greater Hartford  
Transit District







S.M.A.R.T.



## New Britain Earns National Award for Complete Streets Project

By Editor at February 26, 2016 | 8:15 am |

Print



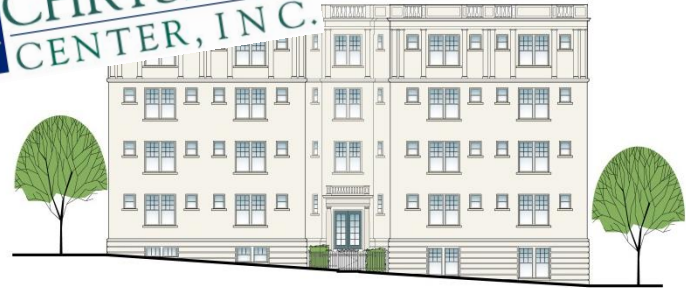


S.M.A.R.T.

Before...



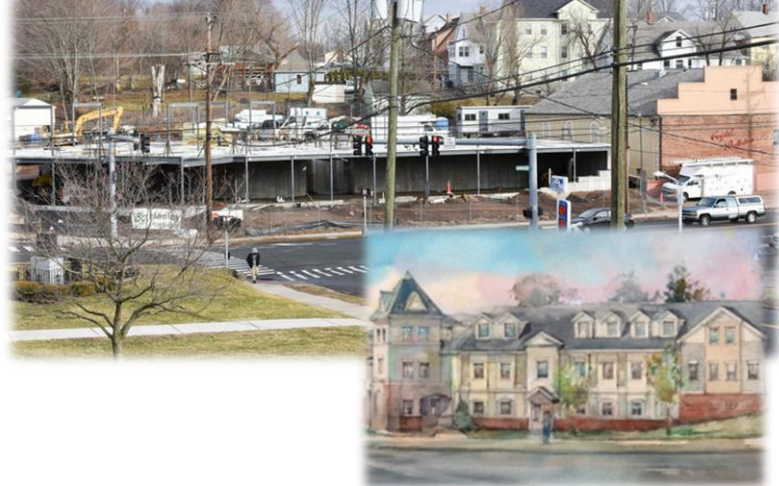
 **CHRYSLIS**  
CENTER, INC.



Coming Soon...



**CRYSTAL BALLROOM** *of New Britain*  
BANQUET HALL





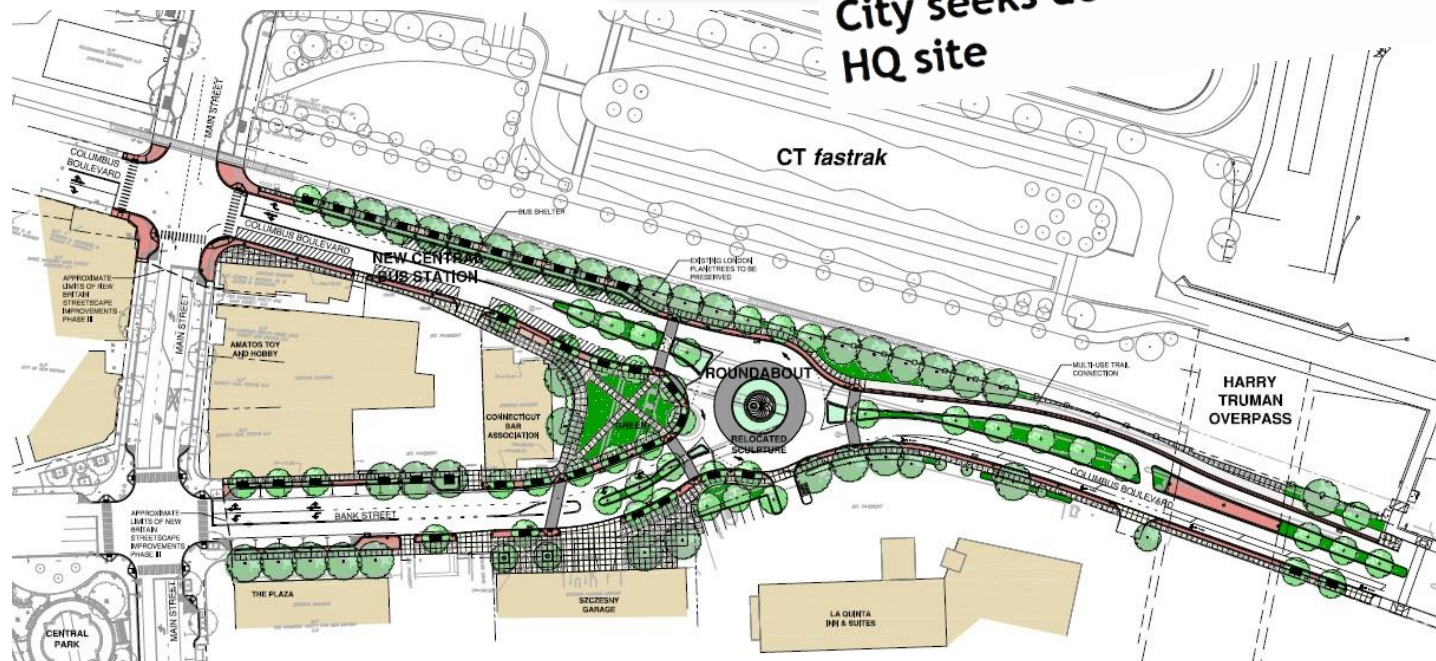


S.M.A.R.T.

# Economic Development opportunities



City seeks developer for old police HQ site







Remember - The  
road to success is  
always under  
construction.

But the Road to  
S.M.A.R.T. Recovery  
Starts NOW....



## FY17 Mayor's Proposed S.M.A.R.T. Budget

- No Gimmicks, No one time revenues
- Realistic given the fiscal realities
- Cuts/ seeing results of savings
- Cost savings & efficiencies
- Small tax increase



# FY 2017 Budget Progression

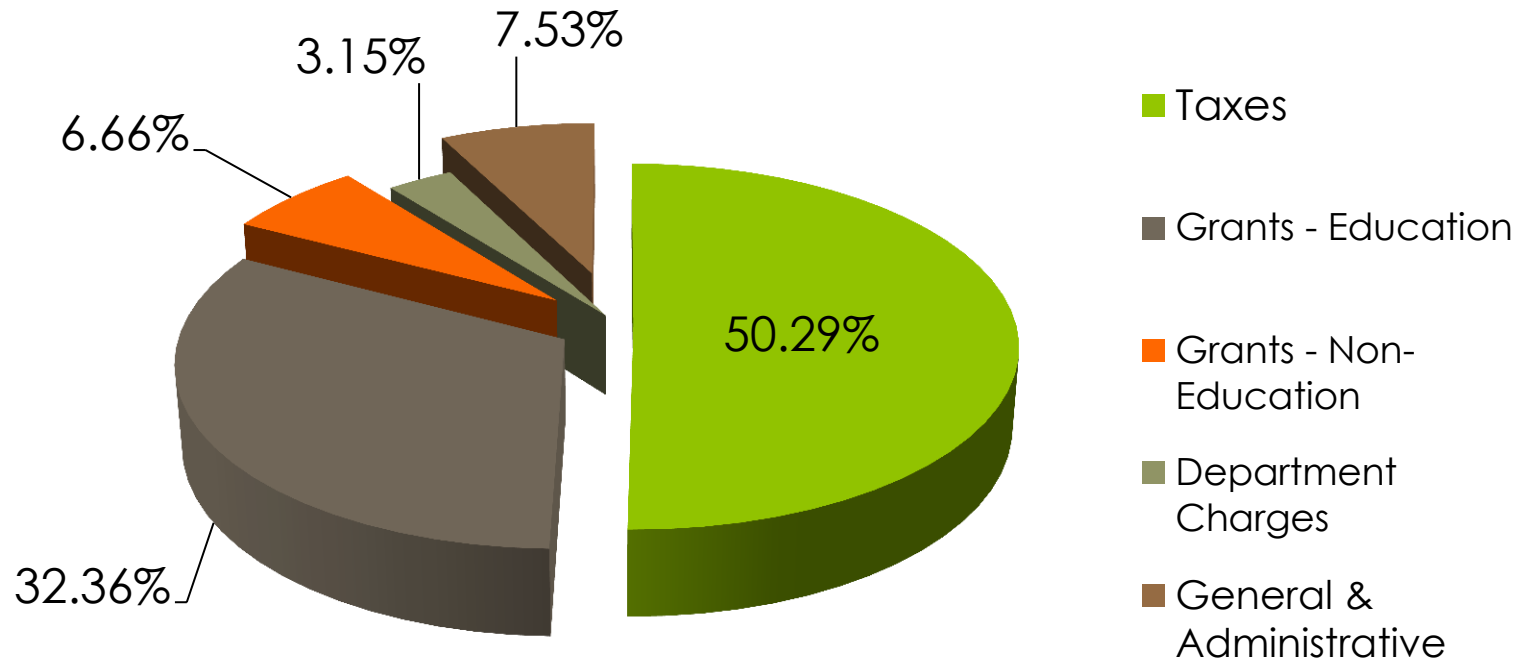
Function	Budget amount	% Increase over prior year budget	Est. new Mil rate	Mil Rate Increase	Mil Rate Increase in Dollars
Dept. Head Requests	\$260,801,412	15.02%	67.15	18.15	\$45 million increase
Board of Finance Proposed	\$245,913,288	8.60%	60.77	11.77	\$29 million increase
Mayor Proposed	\$239,211,299	5.64%	50.50	1.5	\$3.7 million increase

\*1 mill = \$2,481,171



# Where The Money Comes From

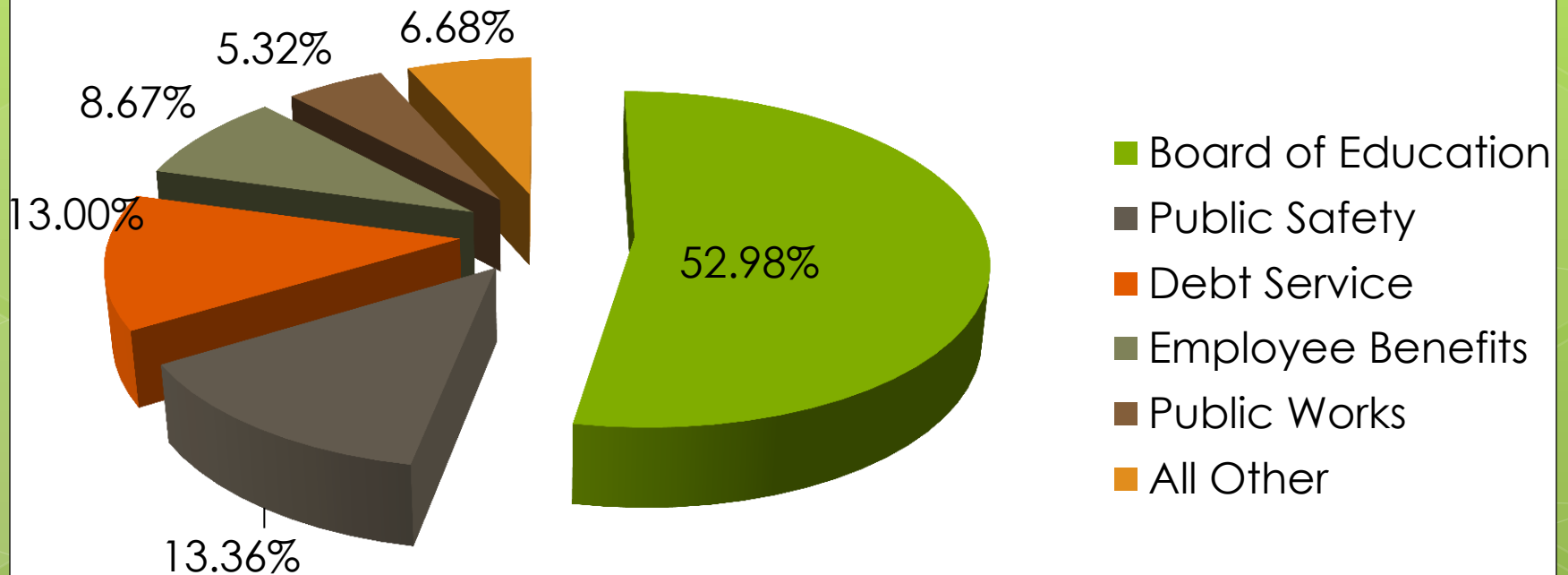
## General Fund Revenues





# Where the Money Goes

## General Fund Expenditures





## The Good News ...

- No immediate layoffs
- No disruption of services like trash pick up, road paving, snow removal
- Increase in education: investing in future generations
- Saved money by restructuring a portion of our debt
- Reduction in how much you pay in car tax





# Investing in Education

- \$2.5 million to help cover contractual obligations
- Per pupil expenditure is about \$13,000 per pupil.
- There are more than 10,000 students enrolled in our school district
- The BOE has asked for \$4.6 million in all contractual obligations
- BOE will be forced to make \$2.4 million in cuts even with this increase
- 1 teacher = \$100,000 in salary and benefits





## Bad news....

- ◉ 1.5 mil proposed tax increase
- ◉ Cost of City services
  - ◉ Driven up by contracts and unfunded state mandates
- ◉ Cost of maintaining an aging infrastructure
- ◉ Rising health insurance costs and rising pension costs in future
- ◉ Slow growth in tax base/land poor
- ◉ Car tax reimbursement expected from state \$4.5 million





What a Tax Increase looks like for the taxpayer who rents an apartment & has one car...

Old Mill Rate	Old tax	New Mill Rate	New tax	difference
49.00	\$570.36	32.00	\$372.41	\$197.85

**Total Savings = \$197.85**



What a tax increase looks like to a person who owns one home & two cars...

Old Mill Rate	Old Tax	New Mill Rate	New Tax	Difference
49.00	House \$5,079.84	50.50	\$5,235.35	+\$155.51
49.00	Car 1 \$306.15	32.00	\$199.93	-\$106.22
49.00	Car 2 \$528.22	32.00	\$344.96	-\$183.26

**Total savings = \$133.97**



## What a tax increase looks like to a homeowner with one car ~ Mayor Stewart

Old Mill Rate	Old Tax	New Mill Rate	New Tax	Difference
49.00	House \$4,853.46	50.50	\$5,002.04	+\$148.58
49.00	Car \$215.26	32.00	\$140.58	- \$74.68

**Total Increase = \$73.90**

**\$6.16/month      \$1.50/week      20 cents/day**



## Pending State Cuts...

- New Britain downtown redevelopment, cancellation of \$500,000 unallocated bonding
- Motor vehicle tax changes
- PILOT: State Owned Property
- PILOT: College and Hospital Property
- Pequot Grant
- Municipal Revenue Sharing Account



# Trouble Ahead....

- Costs not going down/expenses continue to rise
- Debt payments rising (even though we've only issued \$8M in 3 years)
- Contractual increases
- Shrinking revenues/growing expenditures
- Beyond our control

Year	Projected Expenses
FY 17	\$239 Million
FY 18	\$247 Million
FY19	\$253 Million



# Moving Forward

- This is all subject to change between now and July 1
- Fiscal conditions at the state level continue to drive serious concerns over municipal aid levels going forward
- Budgets are meant to be estimates based on prior year actuals and good faith projections for the coming year
- We are embracing Stability and Responsibility
- We are Investing in a Stronger Tomorrow
- We are working through our recovery and toward a rebirth but that requires making tough decisions and not looking back
- Again – the road to success is always under construction but we need to be SMART about how we proceed





# S.M.A.R.T. Budget New Britain FY 2016-2017

Mayor  
Erin E. Stewart