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

Mayor’s Budget
FY 2017

April 13, 2016

Mayor Erin E. Stewart
S.M.A.R.T

- Specific
- Measurable
- Attainable
- Realistic
- Timely
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 *

- 7th 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- Rescinded debt by $20 Million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+)
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. A general obligation bond rating three levels from BBB to A in January 2015, and numbered it. “We’re growing, that’s for sure,” according to New Britain, Conn., Mayor Erin Stewart, who was first elected at age 26 in 2013. “We’re growing, that’s for sure,” said Stewart, first elected of 2015, and one of...
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
More than 34 new businesses opened in FY 2016
What Drives Our Economy?
Tourism
High Tech Manufacturing

![POLAMER Precision Logo](image1)

![ADD AERO Logo](image2)

![NASA Logo](image3)

![Company building](image4)

![Ribbon cutting](image5)
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
We also saw the expansion of the Hospital of Central Connecticut
The road to success is always under construction.
Moving forward with our Complete Streets Master Plan – Phase 3 is complete!
COMING SOON!
Mayor Erin Stewart is proud to present
"THE BEEHIVE BRIDGE"

New Britain Public Works
New Britain Earns National Award for Complete Streets Project

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

Coming Soon...

S.M.A.R.T.

CHRYSLIS CENTER, INC.

CRYSTAL BALLROOM
BANQUET HALL

LUXURY RESIDENCES AT ELLIS COMMONS
FOR MORE INFORMATION CONTACT: 860-225-8000

ARCHITECTURE
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

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

*1 mill = $2,481,171*
Where The Money Comes From

General Fund Revenues

- Taxes: 50.29%
- Grants - Education: 6.66%
- Grants - Non-Education: 3.15%
- Department Charges: 7.53%
- General & Administrative: 32.36%
Where the Money Goes

General Fund Expenditures

- Board of Education: 52.98%
- Public Safety: 13.36%
- Debt Service: 13.00%
- Employee Benefits: 8.67%
- Public Works: 6.68%
- All Other: 5.32%
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...

<table>
<thead>
<tr>
<th>Old Mill Rate</th>
<th>Old tax</th>
<th>New Mill Rate</th>
<th>New tax</th>
<th>difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>49.00</td>
<td>$570.36</td>
<td>32.00</td>
<td>$372.41</td>
<td>$197.85</td>
</tr>
</tbody>
</table>

Total Savings = $197.85
What a tax increase looks like to a person who owns one home & two cars...

<table>
<thead>
<tr>
<th>Old Mill Rate</th>
<th>Old Tax</th>
<th>New Mill Rate</th>
<th>New Tax</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>49.00</td>
<td>House $5,079.84</td>
<td>50.50</td>
<td>$5,235.35</td>
<td>+$155.51</td>
</tr>
<tr>
<td>49.00</td>
<td>Car 1 $306.15</td>
<td>32.00</td>
<td>$199.93</td>
<td>-$106.22</td>
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<tr>
<td>49.00</td>
<td>Car 2 $528.22</td>
<td>32.00</td>
<td>$344.96</td>
<td>-$183.26</td>
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</table>

Total savings = $133.97
What a tax increase looks like to a homeowner with one car ~ Mayor Stewart

<table>
<thead>
<tr>
<th>Old Mill Rate</th>
<th>Old Tax</th>
<th>New Mill Rate</th>
<th>New Tax</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>49.00</td>
<td>House $4,853.46</td>
<td>50.50</td>
<td>$5,002.04</td>
<td>+$148.58</td>
</tr>
<tr>
<td>49.00</td>
<td>Car $215.26</td>
<td>32.00</td>
<td>$140.58</td>
<td>- $74.68</td>
</tr>
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</table>

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

<table>
<thead>
<tr>
<th>Year</th>
<th>Projected Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 17</td>
<td>$239 Million</td>
</tr>
<tr>
<td>FY 18</td>
<td>$247 Million</td>
</tr>
<tr>
<td>FY19</td>
<td>$253 Million</td>
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</tbody>
</table>
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.
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Budget
New Britain
FY 2016-2017