

April 16, 2015

INVESTING IN A STRONGER TOMORROW

Mayor's Budget
FY 2016



Mayor
Erin E. Stewart

NEW BRITAIN COMMON COUNCIL

Suzanne Bielinski

Shirley Black

Carlo Carlozzi, Jr

Tonilynn Collins

David DeFronzo

Jamie Giantonio

Eva Magnuszewski

Don Naples

Adam Platosz

Lou Salvio

Daniel Salerno

Emmanuel Sanchez

Robert Smedley

Wilfredo Pabon

Michael Trueworthy

BOARD OF FINANCE & TAXATION

Mary Marrocco, Chairwoman

Mark DeGrandis, Vice Chairman

Peter Denuzze

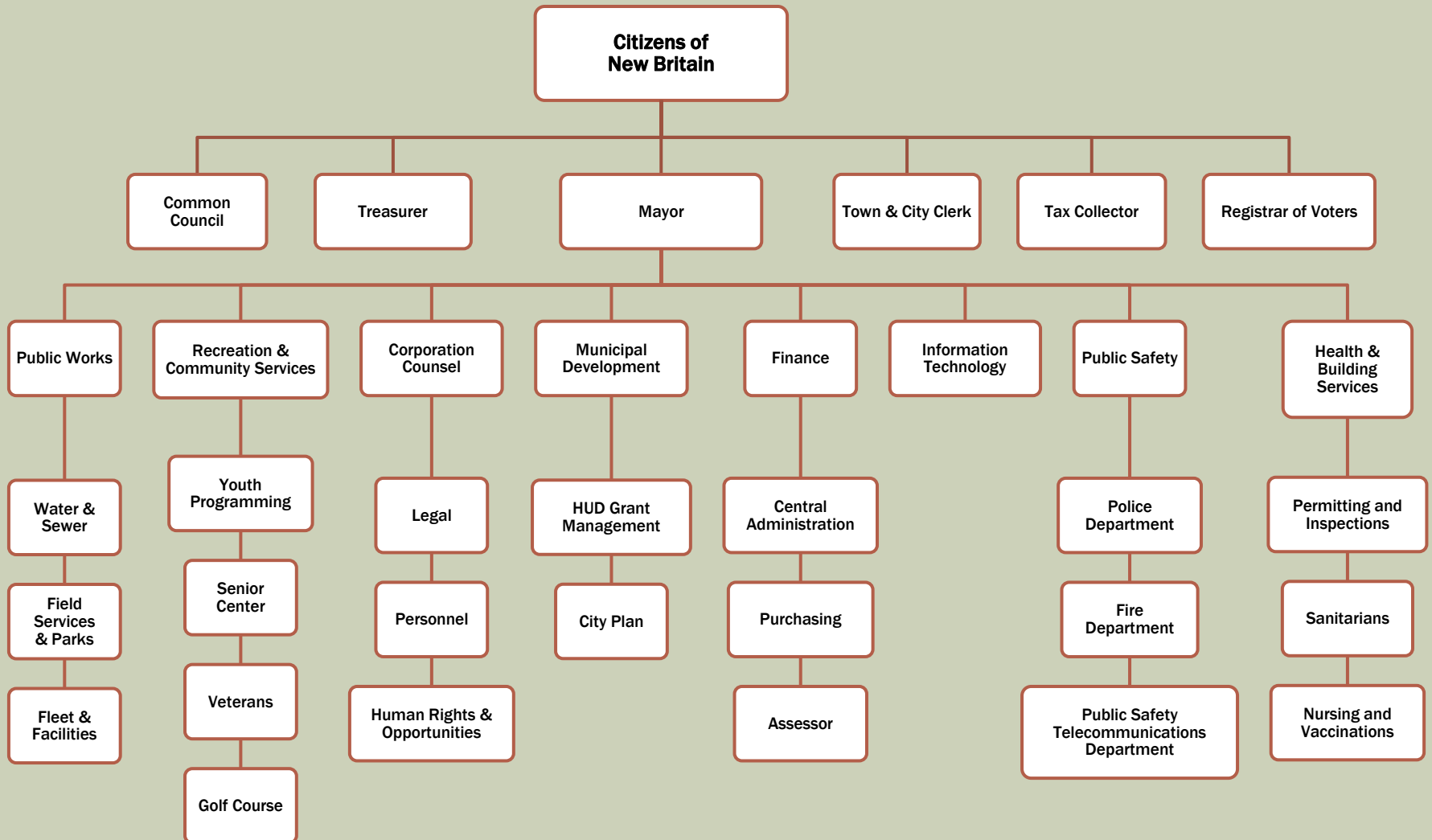
Rob Kusiak

Josephine Moreno

Bruno Lukas

Maritta Daddio

CITY HALL STRUCTURE



OUR BUDGET TEAM

A COLLABORATIVE EFFORT

- Mayor Erin E. Stewart
- Chris Wolf, Acting Finance Director
- Becky Salerni, Deputy Finance Director
- All Department & Division Heads



FY 2015 BUDGET TIMELINE

- January 16, 2015 Department requests due to Mayor and BOF
- February 3, 2015 BOF receives compiled budgets
- March 19, 2015 BOF presents budget to Mayor
- April 16, 2015 Mayor presents her budget to Council
- June 15, 2015 Council adopts final budget



DEMOGRAPHICS *

- 2011 Total City Population Estimated at 73,122
- 2000 Total City Population was 71,538
- Equates to an Estimated 28,659 Households
- Median Price of a House \$137,250
- Median Household Income \$39,898
- Median Age 33 years old

*Data obtained from the CT Economic Resource Center, Inc. 2014 New Britain CT profile.

LAST YEAR...

- Projected \$33 million deficit FY 15
- Critical shortage of cash
- Excessive levels of debt
- Bond rating downgrade
- Increasing expenditures and stagnant revenues

IN 2014 WE PLEDGED TO BRING STABILITY & RESPONSIBILITY

- Restoring pride to New Britain
- Delivering the leadership needed to be most responsive to our citizens
- Providing our children with the education they deserve
- Being transparent in all our dealings
- Better enabling New Britain to be open for business
- Being fiscally responsible

TAKING ACTION: TOUGH DECISIONS IN FY14-15

- **Reduced or rescinded tens of millions in authorized-but-unissued debt**
- **Restructured over \$40 million in pension obligation bonds**
- **Passed a structurally balanced budget that reduced spending**
- **Increased revenues/mill rate increase**

TAKING ACTION: POSITIVE RESULTS

- Finished FY14 in the black
- Set to finish FY15 in the black and grow our Rainy Day Fund
- Received unprecedented 3-notch bond rating upgrade
- Grand List growth

GRAND LIST GROWTH

- Current Grand List is \$2,458,540,626 – an increase of 0.62% (or \$15,265,792 in assessments)
- Under the current mill rate (49), this increase will net the City an additional \$748,024 in new revenue.
- First Grand List to exhibit positive growth since Oct. 2011, and only the fourth to show growth in all three categories that make up the Grand List.
- Demonstrates a stabilizing tax base that is trending upwards and enticing economic development.

Why are we seeing this growth?



Preliminary numbers on CTfastrak show promise, official says

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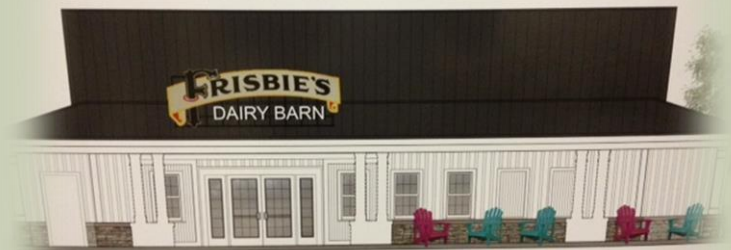


**Berkowitz
Today**
←



**Berkowitz
Tomorrow**
→





Farmington Ave. Development



Amara Community Living Development, LLC

AMARA COMMUNITY LIVING AT NEW BRITAIN, CT
ASSISTED LIVING FACILITY





Costco Underway





DAVID S. EDDY
 ARCHITECT
 1000 Main Street
 Portsmouth, NH 03801
 603.433.1111
 Proposed New
 Retail Store
 E. Main + Sprague St.
 Portsmouth, NH
 03/24/2011

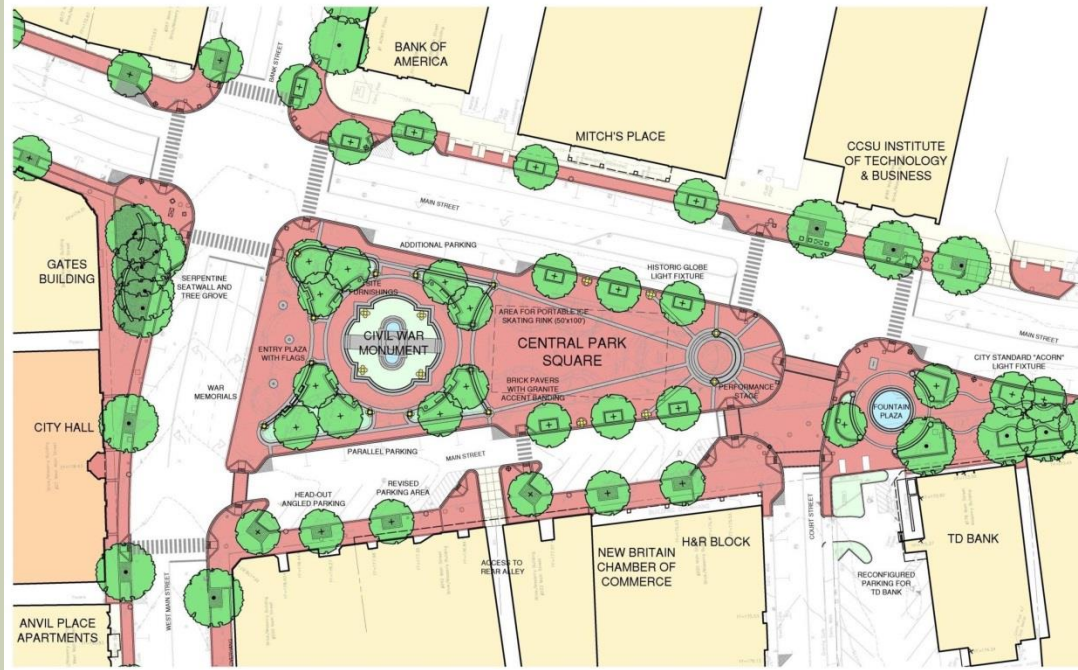
**People want to invest in
cities that are investing
in themselves.**



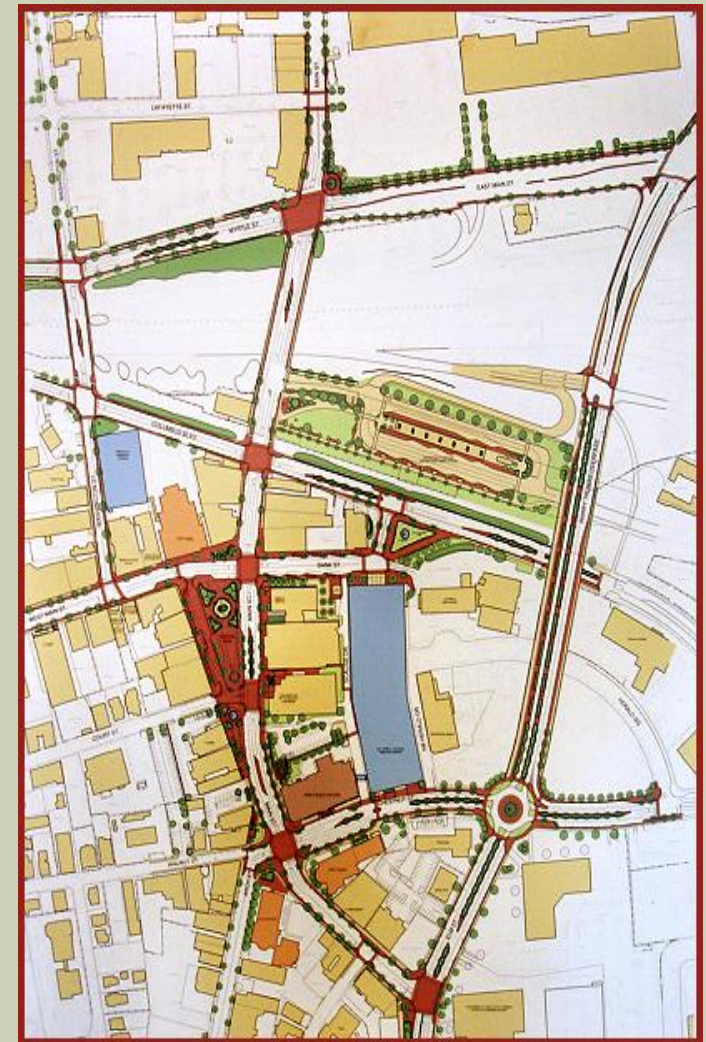
Main Street Overpass Project – “The Beehive Bridge” Fully Funded



Central Park Square



Moving forward with our Complete Streets Master Plan – Phase III now underway!





New state-of-the-art playing surface at Veterans Memorial Stadium



And coming soon to Chesley Park!



FY16 BUDGET CHALLENGES

- Cost of City services
 - Driven up by contracts and state mandates
- Increasing cost of energy/utilities
- Cost of maintaining an aging infrastructure
- Rising health insurance costs
 - Increased by nearly 20% over the past 5 years from \$28.5m to \$33.3m
- Rising pension costs
 - Increased from 7% of salary cost to 16% over the past 7 years
- Cost of contract settlements
- Debt service spike of \$4 million in FY16 alone
- Immediate \$4 million hole caused by Board of Education MBR issue.

FY 2016 BUDGET PROGRESSION

- Department Request Budget = \$253,862,065
(15% increase over FY 2015 Budget)
Est. Mill Rate = 65.77 increase of 16.77 Mils
- Board of Finance Budget = \$239,113,811
(8.3% increase over FY 2015 Budget)
- Mayor's Budget = \$224,757,851
(1.82% increase from FY 2015 Budget)
 - GRAND LIST INCREASE BY 0.62%
 - TAX COLLECTION RATE PROJECTED TO INCREASE BY 1.4%



INVESTING IN A STRONGER TOMORROW: REQUIRES RESPONSIBLE BUDGETING TODAY

- **Bringing City Hall into the 21st Century**
 - New city website in design phase
 - Enhanced online capabilities for citizens and employees
- **Meeting our obligations and increasing our pension contributions**
- **Cleaning up our City by setting aside funds for a dedicated PT blight enforcement officer**
- **Being financially prudent by increasing the amount in our Rainy Day Fund to help cover unexpected events.**

INVESTING IN A STRONGER TOMORROW: REQUIRES RESPONSIBLE BUDGETING TODAY

Key Areas of Savings

- Renegotiated rates with Anthem for substantial healthcare savings
- New Workers' Compensation system savings through reduced rates and enhanced prevention measures
- Beginning the process of moving City employees to high deductible health plans (HDHPs) with the option of “buying up” to stay on existing PPOs
- Sweeping non-essential vacancies
- Results of successful contract negotiations with our partners in labor.

INVESTING IN A STRONGER TOMORROW: REQUIRES RESPONSIBLE BUDGETING TODAY

Increased Revenues (besides Grand List):

- **Realigning our long-term debt obligations to meet the needs of our citizens.**
 - Not “kicking the can down the road” – we are prudently restructuring our obligations so that they are stable, predictable, and able to be met when due.
- **Increase in tax collection rate due to past trends plus enhanced enforcement through technology (ex. LPRs)**
- **Enhanced enforcement of existing ordinances: parking, blight, building & health, etc.**

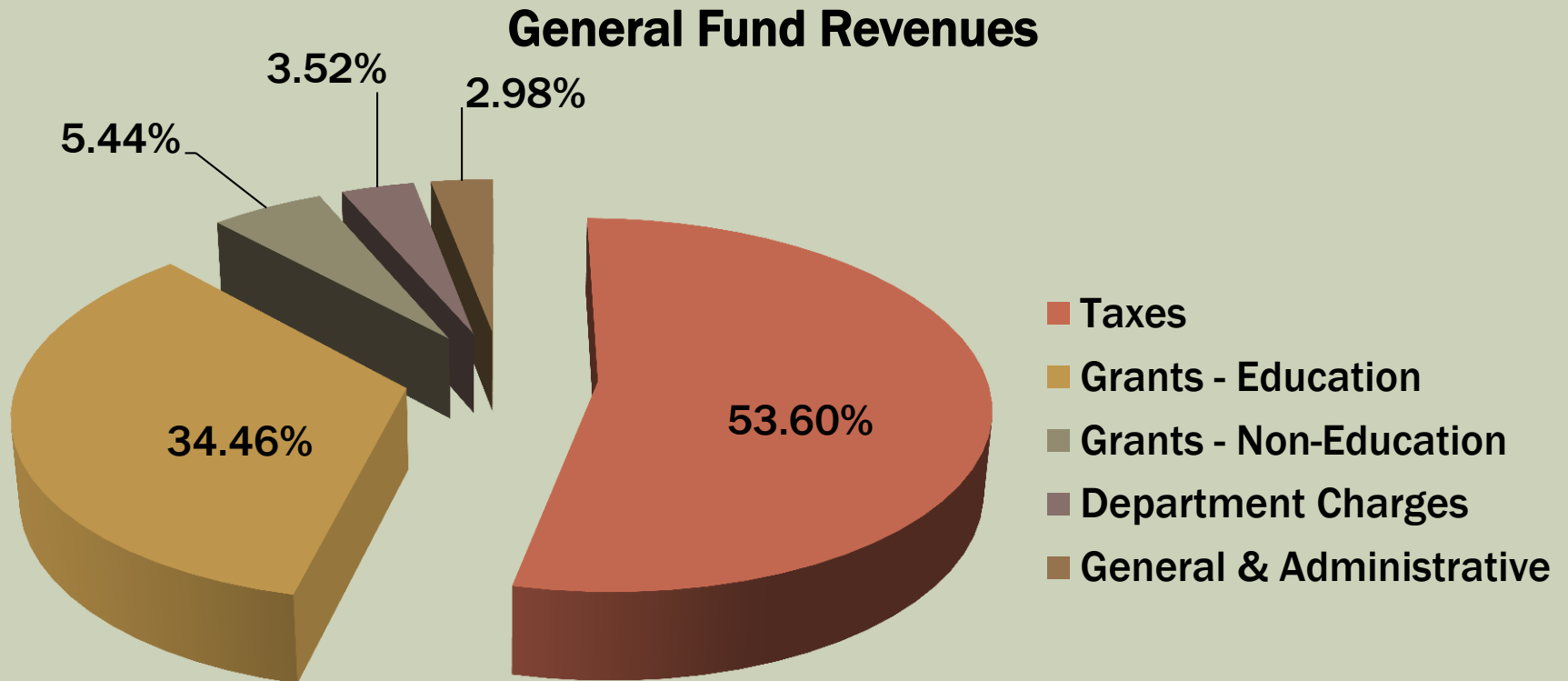
INVESTING IN A STRONGER TOMORROW: REQUIRES RESPONSIBLE BUDGETING TODAY

Investing in Education

- In addition to the \$123.2 million in the budget:
 - \$9.9 million for upgrades to school technology, textbooks and the NBHS auditorium
 - \$30 million for complete rebuilding of Gaffney School*
 - \$10 million for renovation of DiLoreto School*
 - \$500,000 in school security upgrades
 - Solarization projects at Smalley, Smith, DiLoreto and Holmes Schools – including new curricular additions to educate children on green energy and solar generation.

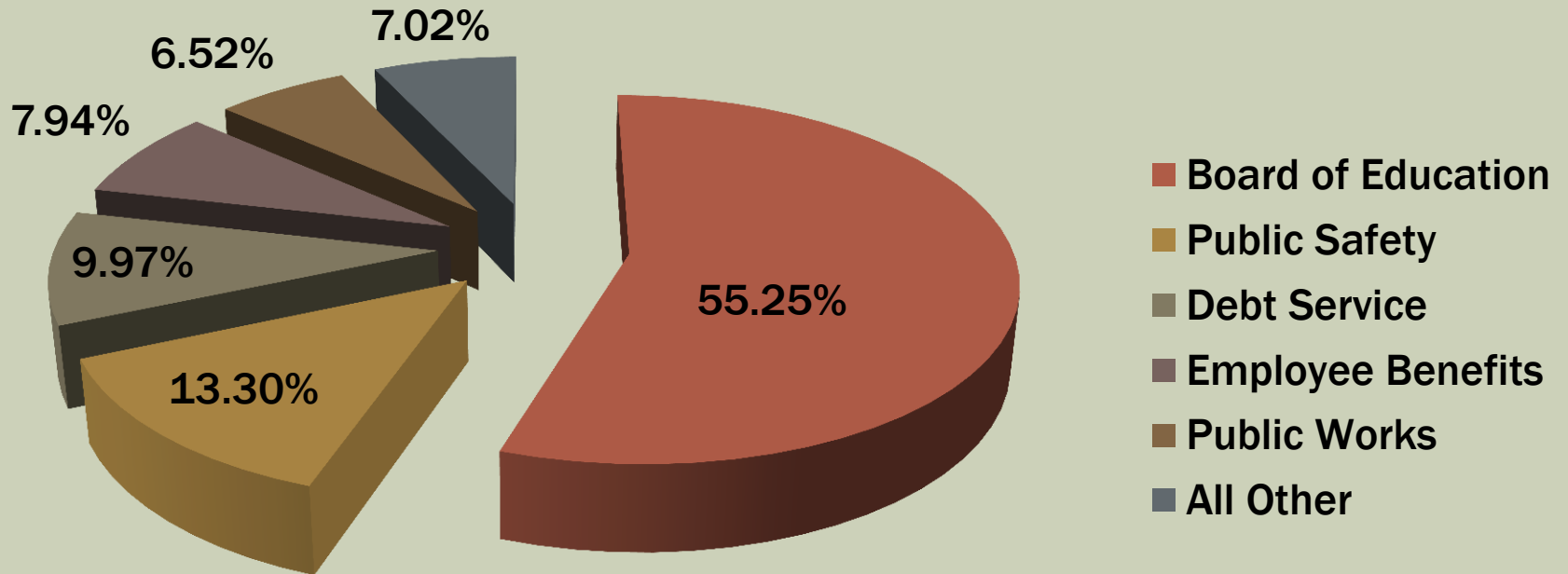
*partially reimbursable

WHERE THE MONEY COMES FROM



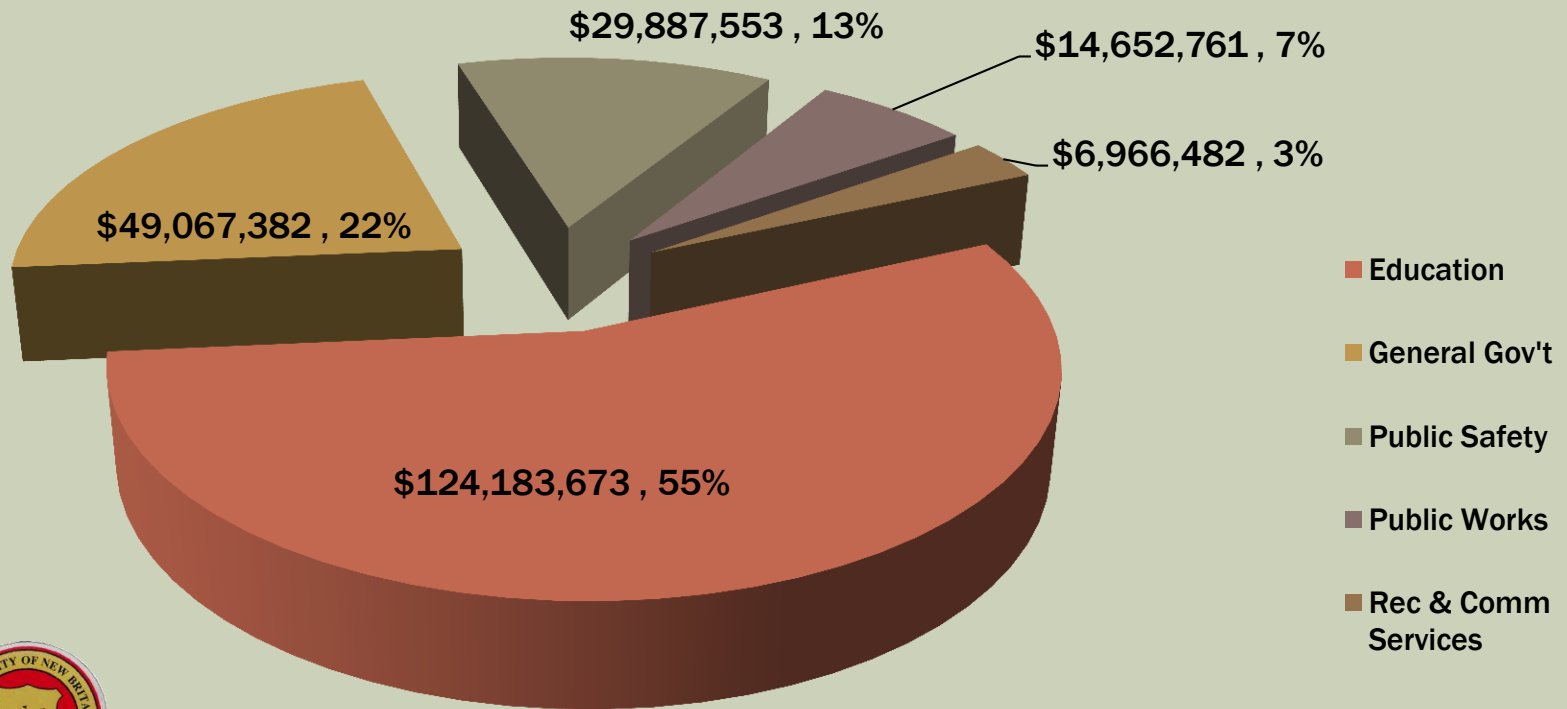
WHERE THE MONEY GOES

General Fund Expenditures



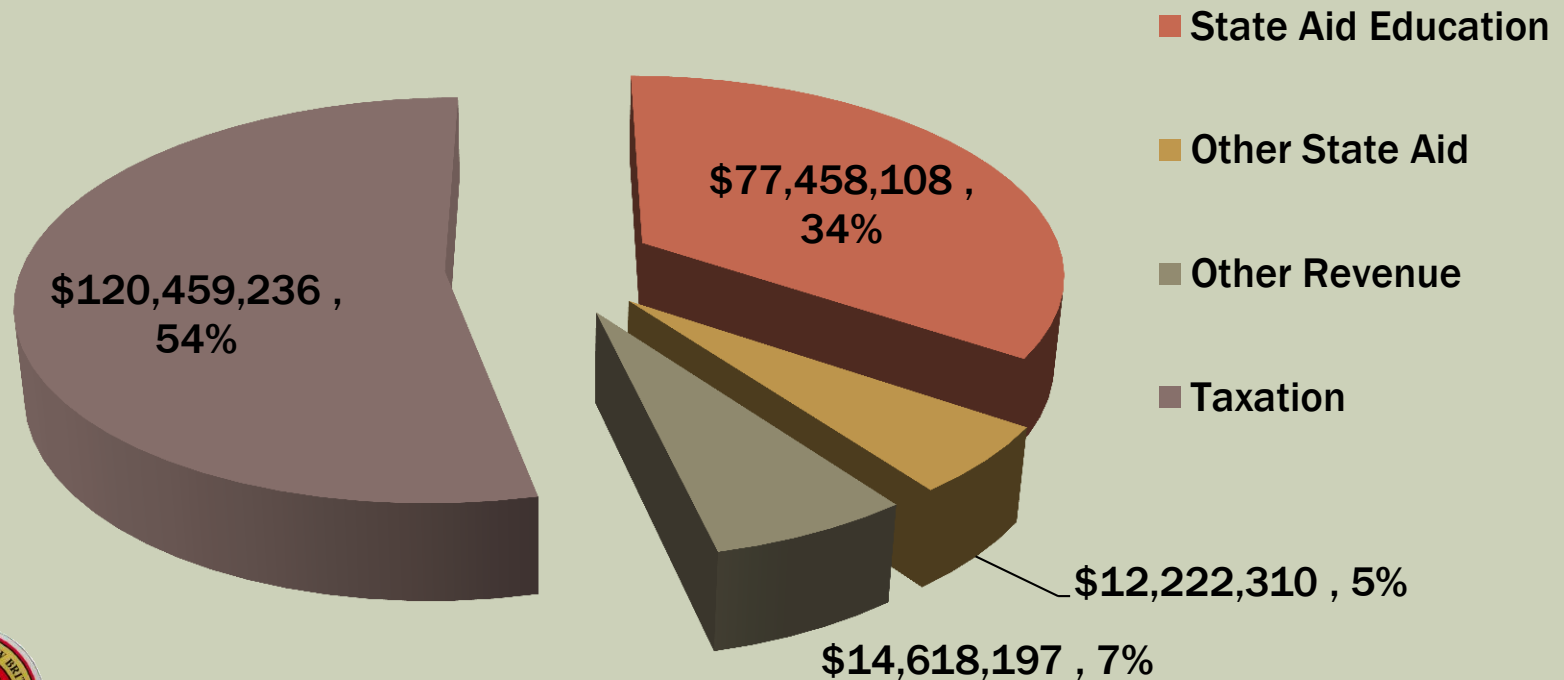
FY 2016 MAYOR'S BUDGETED APPROPRIATIONS

General Fund Appropriations



FY 2016 MAYOR'S BUDGET REVENUE SOURCES

General Fund Revenue



MILL RATE COMPUTATION

■ Total Mayor's Budget	\$ 224,757,851
■ Revenue Other than (New) Taxation	\$ 107,298,915
■ Required (Current Year) Tax Levy	\$ 117,458,936
■ Grand List (October 2014)	\$2,458,540,626
■ Estimated Tax Collection Rate	97.50%
■ Mill Rate	49.00

NO TAX INCREASE



FISCAL YEAR COMPARISONS

	FY 2011	FY 2012	FY 2013	FY 2014*	FY 2015	FY 2016
Mill Rate	36.63	36.63	36.63	44.12	49.00	49.00
Fund Balance	\$12,047,000	\$12,200,000	\$12,595,000	\$4,965,000	n/a	n/a
General Operating Budget	\$205,741,000	\$226,794,000	\$227,706,000	\$237,549,000	\$220,692,000	\$224,757,000
Fund Balance % Of Operating Budget	4.88%	5.8%	5.53%	2.1%	n/a	n/a
Fund Balance policy (5%) met?	N	Y	Y	N	n/a	n/a
Annual Debt Service***	\$25,284	\$28,210	\$29,087	\$27,904	\$18,372	\$22,400
Cost (in mils) for Debt Service	9 .05 mils	10.07 mils	10.29 mils	13.21 mils	13.30 mils	9.35 mils

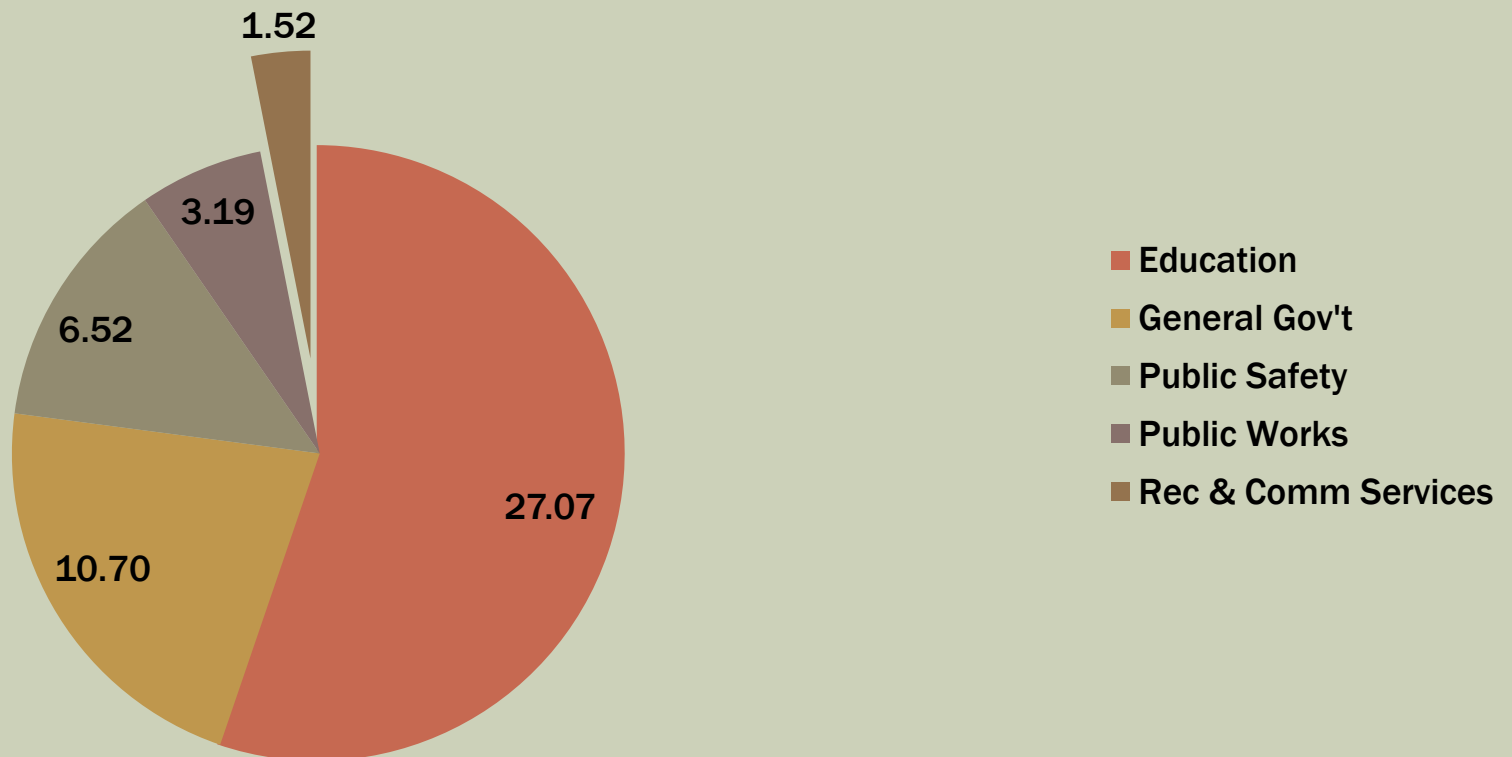


*Revaluation completed for Oct. 1, 2012 grand list

***In Millions

MILL RATE BY FUNCTION

**Mill Rate needed to Support Budget: 49.00
(By Function)**



MOVING FORWARD

- Any budget is a living document
- This is all subject to change between now and July 1
- Fiscal conditions at the state level continue to drive concerns over FY16 municipal aid levels
- Budgets are meant to be estimates based on prior year actuals and good faith projections for the coming year
- I am confident this is the continuation of the vision of Stability and Responsibility we embraced last year.

INVESTING IN A STRONGER TOMORROW MEANS...

- Having a structurally balanced budget
- Keeping expenditures in line with revenues
- Maintaining stability that gives confidence to residents and outside investors
- Makes us a more attractive location for businesses
- Keeps the positive momentum going!

INVESTING IN A STRONGER NEW BRITAIN



*Mayor
Erin E. Stewart*