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**NEW BRITAIN BOARD OF FINANCE AND TAXATION  
PROPOSED BUDGET– FY 2014/2015**

To: Erin E. Stewart, Mayor  
City of New Britain, Connecticut

From: New Britain Board of Finance and Taxation Commissioners:  
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Date: March 13, 2014

I. Introduction:

In accordance with Article X of the City Charter, the Board of Finance and Taxation (the "BF&T") submits the attached FY 2014/2015 Proposed Budget for your consideration. This recommended budget reflects an increase of 3.5% in General Fund expenditures over the FY 2013/2014 budget. This is down from the proposed FY 14-15 Department Request of a 9.19% increase over the FY 2013/2014 budget.

The Proposed Budget contains recommendations arrived at following months of careful and thorough consideration by the BF&T. In developing a fiscal year 2015 spending plan recommendation, the BF&T examined each and every departmental budget request line by line. In connection with this review, the BF&T interviewed many department heads and, where applicable, requested additional information from various departments in order to obtain a better understanding for the reasoning behind a particular request. When necessary, the BF&T sought guidance from appropriate legal and financial officials to ensure that its recommendations did not contradict certain contractual agreements or financial standards.

II. Summary:

As indicated above, the FY 2014/2015 General Fund expenditure budget recommendation represents a 3.5% increase from the current budget. General Government side expenditures have increased 7.84% from the current budget, while Board of Education expenditures have been decreased by -0.42% due to the City no longer funding \$500,000 in Vocational Education in FY 15.

The General Government increases over the FY 14 current budget are a result of the following. The primary increases are in the Financial Services Department with \$8,347,474; the Fire Department with \$1,195,876; and the Police Department with \$456,493.

The increase in the Financial Services Department is primarily due to Connecticare for \$2,985,315, the City's Pension contributions for City, Police, and Fire employees for \$2,328,576 and Contingency for \$2,056,341. In FY 14, the Connecticare budget was not funded in the General Fund budget at all. In FY 15, the insurance renewal rate is based on a 12% increase as per our medical insurance consultant. As CT Care is a fully insured plan, the City has to pay the full amount of annual premium based on the number of city employees enrolled. With the City's Pension Contributions the two biggest cost drivers are the State of CT that runs the Municipal Employee Retirement Fund (MERF) and the Actuarial Reports required every two years per GASB 25 with the Police and Fire Pension Funds. MERF has historically increased 2% each year over the past three years accounting for the \$1,075,048 increase in the FY 15 budget. The Police and Fire contribution required by the actuaries is \$1,147,758 higher in FY 15 than it was in FY 14. As for Contingency this takes into account money for regular budgeted shortfalls such as FEMA disasters and snow related expenses which have become quite common in recent years, a reduction in municipal aid from the State of CT for non-education related grants, and unsettled union contract increases on the City's side.

The increase in the Fire Department is primarily due to the Fire Operations Division overtime in regards to last year's adopted budget. In FY 14 the adopted Fire Operations overtime budget was \$647,964 which was vastly under budgeted for. As of the date of this transmittal letter, this overtime account was already over budget with \$984,410.96 spent. The past four fiscal years have been over \$1,400,000 a year. As such, the BF&T was compelled to true up overtime to a more realistic figure based on historic trends and increases to the Fire Department salaries as per union contract. On June 30, 2013 the firefighters received a base pay increase of \$2,500 and on July 1, 2013 they received 3.5% wage increase. This accounts for approximately \$1,152,036 of their department's total increase.

The increase in the Police Department is primarily due to the Traffic Division full time salaries and the Investigations overtime budgets. The Traffic full time salary accounts for \$213,395 of the department's total increase and the Investigations overtime accounts for \$116,500 of the department's total increase. The Police Department has undergone change in its organizational structure and Traffic now consists of two segments Traffic Enforcement and Support Services. In FY 14, the Traffic Division only had four full time employees. In FY 15, the Police Department is requesting seven full time employees in the Traffic Division. As for Investigations overtime the FY 14 adopted budget was \$83,500 which was vastly under budgeted for. As of the date of this transmittal letter, this overtime account was already over budget with \$158,045.32 spent. The past four fiscal years have been approximately \$200,000 or more a year. As such, the BF&T thought it would be fiscally prudent to true up overtime to a more realistic figure based on historic trends and the fact that crimes don't only happen during regular working hours.

Revenue projections for the City of New Britain have decreased this fiscal year. Due to the tough times and turbulent economy, the City is faced with dwindling revenues from outside sources. Two of the City's biggest yearly revenue generators were the Landfill which has been closed in FY 14 and the Hospital Garage has been given back to the Hospital as of December 31, 2013. The Landfill would bring in on average \$1,300,000 a year and the Hospital Garage was approximately \$600,000 a year. In FY 14 adopted budget, revenue other than taxation was set at \$134,272,811. In FY 15 the BF&T recommended budget, revenue other than taxation is set at \$107,955,185 which is more in line with the reduction in revenues from state and federal grants as well as a sign of the harsh economic reality of the City. To make matters worse, bank interest rates are still very low and State PILO payments are still well below mandated levels of 100% funding levels. All of these factors contribute to increased pressure on the City to manage its expenses since revenues are so unpredictable.

The overall budget recommendation is summarized as follows:

	<b>FY 2013/2014 Budget</b>	<b>FY 2014/2015 Board of Finance and Taxation</b>	
<b>Expenditures</b>	<b>Adopted</b>	<b>BF&amp;T Proposed</b>	<b>Variance</b>
Board of Education	123,200,000	123,200,000	0
Other Education Costs	<u>1,708,711</u>	<u>1,204,673</u>	<u>(504,038)</u>
Sub-total	124,908,711	124,404,673	(504,038)
General Government	<u>112,625,410</u>	<u>121,448,117</u>	<u>8,822,707</u>
Total	237,534,121	245,852,790	8,318,669
<b>Revenue</b>			
Property Taxation	109,163,641	140,647,605	31,483,964
St. Education Grants	82,052,025	76,030,493	(6,021,532)
St. Grants All-Other	11,180,358	11,038,756	(141,602)
Departmental Income	21,126,087	6,493,252	(14,632,835)
All other Income	<u>14,012,010</u>	<u>11,642,684</u>	<u>(2,369,326)</u>
Total	237,534,121	245,852,790	8,318,669

Specific line-item recommendations are detailed on the attached Proposed Budget. Where applicable, the text following an adjustment contains comments that explain our rationale for recommending that particular change.

Our objective in developing a budget recommendation was to try to limit General Fund expenditures while preserving essential services. The BF&T made every effort to recommend reduced spending while taking into account mandatory increases for non-discretionary budget components such as collectively bargained salary increases, overtime payments, and pension contributions.

In some areas, of course, the Proposed Budget will likely impact departmental staffing levels, which, in turn, may lead to reduced services. Faced with this reality, we encourage departmental officials to define core responsibilities within their respective departments and to seek ways in which to maximize every dollar allocated.

With respect to education, the BF&T recommends the Board of Education be flat funded at their FY 14 BOE Appropriation Rollup Expenditure account of \$123,200,000. The BF&T felt this was an appropriate course of action seeing that in FY 14, the BOE received an additional \$4.4 million increase in State funding for being an Alliance School District as well as \$4.6 million increase from the City. With this additional \$9 million dollars in funding over the FY 13 Minimum Budgeting Requirement (MBR) funding of \$118,560,557, the BOE should be able to use this to better serve the community. If the City had more control over the spending of the Board of Education's money and the BOE repaid the City the approximately \$8 million for not properly funding their medical insurance claims, then the BF&T would be more inclined to increase their funding. In addition, if the BOE doesn't pay the tuition for New Britain students sent to magnet schools or charter schools, the State Department of Education subsequently takes it out of the City's share of the Education Cost Sharing revenue which has added up to \$1,492,903 in FY 13 alone.

### III. Recommendations:

The BF&T would like to make recommendations that were not used in creating their FY 14-15 budget.

- The BF&T recommends that the Mayor, Common Council and Departments look into the possibility of updating and revising fee schedules that are old and outdated. Certain department fee schedules like the Senior Center have not been updated since 1999. Others like the Assessor's and Police Department have not been updated since March 1, 1991. This will require ordinance changes but by updating the City's charges for services, departments can come closer to being self-sustaining entities and alleviate the burden that the revenue shortfalls create on the City's taxpayers.
- The BF&T would like to continue with the first bullet point and request that the Mayor's Office initiate an ordinance change so that the general public would be required to pay a fee for copies made pertaining to police reports and other City wide matters that are currently given out at no-charge. This will help to keep the rising costs down.
- The BF&T recommends the City switch from weekly to bi-weekly payroll as well as continue to strongly encourage direct deposit in a positive light. This would save thousands of dollars on check stock, MICR ink, stop payments on lost checks, voided checks that needed to be reissued, etc. Additionally it would bring the City's payroll practices more in line with what is common in other municipalities as well as the private sector.
- The BF&T is aware that in the past the Tax Department has used the assistance of a Sherriff/State Marshall/Constables in the collection of delinquent Personal Property Taxes. The BF&T believes that this service

would be a great benefit in increasing the property tax collection rate higher than 95.88%. Therefore, the Board is recommending that the Tax Department re-instate the assistance of the State Marshall and Constables.

- The BF&T strongly suggests that the Finance Department be involved in all union negotiations pertaining to settling of new contracts. This way the City can quantify an approximate cost to the increase in salaries and benefits before signing short term or long term contracts.
- The BF&T recommends that other city departments actively look to partner with New Britain organizations such as OIC and CCSU for interns in order to maintain services without adding additional costs to the taxpayers. The BF&T would like departments to follow after the Finance Department for working with the Community to obtain real life work experience. For example the Engineering Division of Public Works could work with an Engineering student at CCSU or the Nursing Division could partner with Lincoln Technical Institute or E.C. Goodwin's Nursing program.
- The BF&T strongly suggests that the Mayor's Office include in the next Police Union contract a clause requiring them to pay \$20 a month per employee for parking now that they are using the Bank St. garage and the City had to bond money for this project. Same thing for the Dispatch Union now that the garage has been renovated specifically for the new PD. Currently 1186, 1303, and 818 employees have to do this for the Washington St. garage as well as the Bank St. garage. If both unions were fully staffed it would be approximately \$44,400 a year in revenue for the General Fund.
- The BF&T would like the Mayor's Office and Common Council to move towards parking kiosks instead of staffing the City's parking garages. This way the City could save on salaries and benefits as well as be open 24 hours without the loss of revenue if a cashier calls in sick and then the City would have to hire a part timer.
- The BF&T recommends that the City utilize debit and credit cards for customers of the City's parking garages. This would cut costs and raise revenue.
- The BF&T recommends the Mayor's Office reaches out to the community for a community effort to clean up the parks and that they possibly partner with community clubs or organizations in New Britain to accomplish this task.
- The BF&T requests that the Parks & Recreation Divisions as well as the Mayor's Office aggressively solicit donations for the Fourth of July Fireworks show to help offset the costs associated with this yearly activity. Otherwise a possibility going forward would be to partner with Rock Cats Stadium to have them throw the fireworks show. This way the City and

the Rock Cats could charge for tickets, parking, and concessions to offset the costs and most likely turn a profit.

- The BF&T would like to consider a new line item for Recreation Program food costs under the expenditure side of the General Fund Budget. They wanted to quantify how much of the Recreation budget went to food and how much actually went to direct services such as activities and programs.
- The BF&T would like the Community Services Department to partner with the VFW, the Marine Corps League, and Disabled Vets to drive Veteran's around on Veteran's Day for the memorial service.
- The BF&T recommends that the BOE review all their administrative and teaching staff to justify the necessity for them. The BF&T would like to require the BOE to provide metrics to all their staffing levels.
- The BF&T would like to require BOE to provide enrollment by school and by grade level.
- The BF&T would also like to require the BOE to provide Personnel Schedules just like the City of New Britain does with its yearly budget process. This way the BF&T can determine which positions are vacant and how much each position costs.
- The BF&T recommends that no City employee should be using a company vehicle after working hours for home travel with the exception of the Mayor, Police Chief, and Fire Chief. Company vehicles should only be used during working hours.
- The BF&T is requesting a phone extension, link on the City website, and/or newspaper notices in English, Spanish, and Polish to notify citizens to call or contact the City for all non-emergency calls in efforts of reducing the dispatch call volumes.
- The BF&T is also requesting that the City install the use of timers (either solar or manual hard set timers) to make sure City lights are not on during the day.
- The BF&T would strongly urge the Mayor's Office and Common Council to eliminate or combine divisions with only one or two employees.
- The BF&T would like to recommend to the Mayor's Office that the Common Council Administrative Supervisor and Part Timer be moved to the Mayor's Office to share responsibilities and supplies.
- The BF&T recommend that the Walnut Hill summer concerts be reduced to once a week instead of twice a week.
- The BF&T recommends that Mr. Demaio continues with the investigation of a Zip Line at A.W. Stanley Quarter Park. This would bring additional revenue and maintain cleanliness of the area.

- The BF&T recommends that the BOE repay the City for the \$8 million owed to the Medical Self Insurance Fund for prior years that the BOE did not fully fund its medical insurance expenses.
- The BF&T recommends that the Police Department no longer provide police escort for funeral services other than for police officers. If this service is requested a fee will be charged to whoever is requesting this service.
- The BF&T recommends a centralized area for all office supplies purchased by the City's Purchasing Agent and to be controlled by an Inventory Clerk. This would reduce the cost of office supplies by purchasing bulk items.
- The BF&T recommends that the Mayor's Office explores the possibility of reducing the FY 14 MBR of \$123,200,000 as well as the FY 15 BF&T Recommended MBR of \$123,200,000 back down to the FY 13 MBR of \$118,560,557.
- The BF&T recommends that Department Heads be the only ones that attend Board and Commission meeting and that they no longer let clerical staff attend these meetings in order to reduce overtime throughout the City.
- The BF&T recommends that the City post in the newspaper and/or the website all the delinquent property taxpayers.
- The BF&T recommends that the City perform a cost benefit analysis of hiring a third party risk management company to handle the City's Workers' Compensation.
- The BF&T recommends that Community Services, Health Department, Human Rights & Opportunities move to the Senior Center. Grant funds should be explored to accomplish this move.

#### IV. Conclusion:

In a year where increases in contractual obligations and underfunded state mandates have forced general government costs to spiral upward, the BF&T herewith recommends a FY 2014/2015 Proposed Budget which increases General Fund spending over the current budget. Unfortunately, the City of New Britain continues to struggle with the problem of stagnant revenues and unfunded/partially funded mandates, which are beyond the control of this Commission. Local property owners bear the burden of covering shortfalls in funding for state mandates such as special education and certain tax relief programs.

The BF&T and its Commissioners wish to thank all of the many department heads and personnel who were asked to attend meetings, provide information, or otherwise assist us in preparing this year's budget. We wish to recognize and give a special thanks to Rebecca Salerni, Jonathan Perugini, Amy Goldsberry and Yvette Jones-Woodward from the Finance Department as well as Gary Costa from CCSU for their countless hours of hard work in helping us craft this Proposed Budget. We would

also like to thank the Mayor's Office for their cooperation and assistance in obtaining requested information.



Mary Marrocco  
Chairwoman  
Board of Finance & Taxation