



TOWN OF HAMDEN

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MEDIA RELEASE

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2009-2010 Budget Delivery Remarks *by Mayor Craig B. Henrici*

Good evening ladies and gentlemen of the Legislative Council and residents of Hamden.

In every way, these are extraordinary times marked by extraordinary circumstances. The margin for error between success and failure in business, in government, and in our home finances is smaller than ever. However, the residents of the Town should take comfort in the fact that the budgets we have enacted for the Town over the last three years have impressed Wall Street's rating agencies for their honesty, and our careful management of those taxpayer dollars have resulted in three outstanding audits, including the one delivered to Legislative Council a few short weeks ago that included the third straight contribution to fund balance. Our management team is sound, experienced, and committed to protecting the financial interests of taxpayers.

Hamden has a historic reputation as a "high tax town," but that perception is no longer reality. Our peer communities of Stratford, Middletown, Meriden, East Hartford, West Hartford, Bloomfield, Wethersfield, West Haven, New Britain and Manchester all have higher mill rates than Hamden. Even our neighbors next door Woodbridge and Bethany have mill rates above 30.

Hamden's primary business clusters—health care and education—were some of the last to feel the impacts of the global recession, and therefore helped insulate the Town and its residential tax base from the harsh economic realities unfolding all around us.

But that protection can't last forever. Already, residents are worried about the stability of their next paycheck and their ability to make their mortgage payment should they lose their job. The dire numbers are all over the news: 8.1% unemployment; all of the stock market gains since the technology boom have been erased; the global economy will likely shrink this year for the first time since World War II; and once-untouchable institutions in banking, automobile manufacturing, and publishing are teetering on the very edge of collapse. This is our New World Order, and while the economic heavyweights predict

that we will rebound in fifteen to eighteen months, no one is really certain how this script will end or who will be left standing when the economy begins to expand.

While the economic circumstances are real, there is an element of this crisis that is directly linked to consumer confidence. For the first time since I was elected Mayor, our Grand List has seen a reduction, although not in areas you would necessarily anticipate. Hamden's Real Estate value remains constant and our Personal Property is up almost 12% from last year. Where we have seen a sharp decline in Grand List value is in automobiles. Residents are making rational decisions based on economic uncertainty and choosing to hold onto cars for a year or two longer. The new car is becoming a luxury, and most Hamden families have decided that 2009 is no year for luxuries. This decline in automobile value reduces our overall Grand List by just under 1/10th of a percent.

The reduction in Grand List is just one negative element that needed to be overcome in this budget process. Reductions in revenue line items relating to interest income, building permits and conveyance fees needed to be addressed. At the same time, historic funding deficits in the Pension and Medical Self-Insurance funds continue to demand attention. Finally, the level of State aid that will be coming to the Town this year from Hartford is less defined this year than in any of my eighteen years as Mayor or member of the Legislative Council.

These were our challenges. And we know from Help Desk statistics that, when times are tough, people rely more on free or low-cost Town events than they do in economic boom times. Assets like the library and our Parks and Recreation programs mean more to Hamden's families today than any time in recent history. This budget identifies and preserves funding for Sunday hours at Miller Library.

And don't forget Wintergreen School. Hundreds of students, parents and educators independently crafted letters and initiated phone calls to officials from Hamden to Hartford to save this school. The outpouring of support and mobilization of the Wintergreen community has been remarkable and really shows Hamden in its best light: serving as a model of cultural integration with its incredibly diverse student body and emphasis on family involvement. The school inspires this type of dedication because of the quality of the education as well as the commitment of the staff. Wintergreen works for its students and it works for Hamden.

This budget was not crafted as a line-by-line analysis of 700-plus line items, adjusting up or down based on past performance. This budget started from an analysis of what we must protect:

- We must protect our citizens from an increase in taxes;
- We must protect community assets like library and arts programming, recreational opportunities, and all of our public schools;
- We must maintain the best-in-Connecticut response times of our Guardians;
- Zoning and litter enforcement must be preserved to prevent neighborhood decline and an attendant drop in property values;
- and finally, in these times, the service delivery capacity of our Elderly, Youth, and Community Services Departments must not be compromised.

Simply put, we must continue to invest in the services that make Hamden Connecticut's most livable town.

The challenge was difficult, but I am proud to report that we were up to that challenge. Aggressive and progressive efforts to control energy costs as well as reduce overall consumption have provided an opportunity for reductions in those line items. With the support of the Legislative Council, we are proceeding with a reverse auction for natural gas, similar to the electricity purchase program that has already saved the Town hundreds of thousands of dollars. Strategic participation in consortium purchases, as well as the introduction of four hybrid automobiles to the Town's fleet, also helped reduce projected gasoline and diesel costs by nearly \$100,000.

Exceptional management by the five-Town policy board for the Wallingford trash-to-energy waste disposal plant has led to a stable tip fee for trash and the creation of reserve funds that will begin to be distributed in the next fiscal year. As tax relief, I have included a contribution of \$2 million to this year's budget from these project reserves.

The American Recovery and Reinvestment Act signed into law by President Obama has also included funding in certain areas, specifically law enforcement and education, which have helped reduce budgetary pressures. Some programs incorporated into that complicated legislation are still being developed, and should additional federal dollars appear to be available to supplant local tax dollars, I will forward to Legislative Council technical amendment recommendations.

We have also made targeted, surgical reductions in department expenditure lines that will still allow those departments to achieve their core missions.

A final piece to our expenditure reduction is a concession package extended to each of our unions. We have asked each to accept no general wage increase this year and five holidays as furlough days. In exchange, we will endorse a one year contract extension for each bargaining unit with similar conditions as the final year of that contract and no employee layoffs for one year. We believe that the offer is fair to both employees and taxpayers, and is a critical component of a Fiscal Year 2009-2010 budget that requires every effort to hold the line on taxes. The bargaining units are still evaluating options, so you will see in this budget a "union concessions" line with a negative amount. Should the unions reject our offer, each department will be required to make cuts to their budget equivalent to this negative number and I will transmit to the Legislative Council a list of recommendations to achieve these cuts, using primarily layoffs. It is my hope that we have firm commitments from each bargaining unit in early April.

I have also asked that the Board of Education participate in this concession program. You will also see in the budget a "union concessions" line against the Board of Education single-line appropriation. In total, Board and Town concessions will reduce Town expenditures by more than \$3 million.

The recommended budget was developed in consideration of the economic realities facing Hamden, and the nation, and balances the need to avoid tax increases while continuing to provide essential services. The recommended budget is a responsible,

expenditure driven budget that contains realistic revenue estimates. Every attempt has been made to reduce expenses in order to minimize the impact on taxpayers. We have held the line on pension fund contributions at \$12.5 million and increased the contribution to the Medical Self Insurance fund by a responsible amount, up to \$22.8 million.

Based on a projected tax collection rate of 98.5%, the mill rate for this proposed budget is 29.39, a reduction from the current mill rate of 29.42. It preserves essential municipal services while avoiding overburdening any one group. We shrank the size of government, making it leaner and meaner in a year where that activity is required. I am recommending that we increase the allocation to the Board of Education by nearly \$800,000 made available to Hamden through the federal stimulus package. However, I am still asking that the Board of Education engage in meaningful concession dialogue with its unions, and that concession target is identified in the proposed budget.

One item still outstanding is the completion of the proposed Capital Improvement Plan. As you know, we are awaiting a revised project estimate for the Memorial Town Hall/Police Headquarters project. As this is a critical component to the plan, we anticipate sending the plan to Council for approval in April after that estimate has been delivered and analyzed.

We didn't merely talk about reducing expenditures, we did it. With true zero-based budgeting, we developed the best possible budget for these uncertain times. I would like to thank each of my department heads for their hard work, particularly Acting Finance Director Jennifer Charneski and my Chief Administrative Officer Scott Jackson.

Budgeting is a collaborative process, and your part of this process is just beginning. My office will be at your beck and call during your deliberations.

Thank you.