

**Budget Delivery Remarks**  
**Mayor Scott D. Jackson**  
**March 17, 2011**

*as prepared for delivery*

Good evening friends, colleagues and neighbors. I appreciate you joining me this evening, particularly on St. Patrick's Day, which is one of the Town's and region's most festive holidays.

As members of the Legislative Council, the Charter of the Town of Hamden grants to you fiscal authority over the Town and provides to you the reins of financial stewardship. Whether you have served on this body for one year or for ten years, each of you has had to make hard decisions and explain those decisions to your constituencies. In an era of permanent fiscal crisis for governments at all levels, this is an unenviable task and, as a lifelong resident of Hamden, I would like to personally thank you for taking on this very difficult, but critical, responsibility.

After more than a year in office, working cooperatively with this body, we have accomplished a great deal in terms of stabilizing the Town's finances and changing the way government in Hamden operates. We have accomplished this in a post-partisan style – something that has been completely elusive to the State and Federal levels of government – but something that has allowed us to govern without being distracted by destructive politics. Again, I thank you and I thank the residents of Hamden for this opportunity; one that too few of my fellow chief elected officials get to experience.

I've recently been quoted as saying that “the ways of doing business are done, they're just done” and this is true in Hamden, as it is throughout the country and the world. It is more important than ever for us to look at government through a new prism, one that prioritizes the services and programs that make Hamden special, but also keeping in mind that the pool of resources that we have to accomplish these goals are diminishing. I do not see a return to the “glory days” of unlimited resources any time soon. To achieve our community goals we must adapt, we must change, and we must evolve. This is not easy. True change is not easy. The process that we went through as a Town last budget season was neither swift nor pleasant, but we went through that together and it put the Town on significantly sounder financial footing.

The budget before you is a balanced, conservative, responsible budget. It preserves

our core services and it keeps our taxes stable.

The budget I present tonight is the result of eleven months of work. Eleven months of speculation, eleven months of testing the waters, and eleven months of watching pieces of data break our way or break against us.

One dramatic item that broke our way was municipal aid from the State of Connecticut. True to his word, Governor Dannel Malloy largely held municipalities harmless in his attempts to improve the State's truly dire financial circumstances. Proposed state aid, which must still go through legislative approval, is slightly over half a million dollars less than current year, or a reduction of about 2%. Departmental revenues, due in large measure to lower conveyance tax receipts based on lagging home sales and projected lower than average building permit issuance, are projected in this proposal at around 1% less than current year.

To cut to the quick, here are the numbers for taxpayers. My proposed budget increases the total size of the budget from \$177.5 million to \$181.3 million, but that total includes \$1 million of dedicated stimulus grant funds that the Board of Education wisely and responsibly held over from last year. I chose to include the stimulus funds in the budget as both a revenue and an expenditure so that the larger community can have a more accurate picture of what the Board of Education is proposing to spend next year and not discount their expenditures by \$1 million in Fiscal Year 2012/2013.

Because this is a revaluation year, there is no simple way to compare the current mill rate of 31.16 with the proposed mill rate of 34.51. This is not a 10% increase in taxes. Based on revaluation, the average assessed value of a single family home decreased 10% from \$189,000 to \$171,600. When applying last year's mill rate to last year's average value against this year's average mill rate and this year's average value, the average homeowner would see an increase in taxes of \$32, or one half of one percent. The average condominium, based on an average value decrease of 11% from \$122,700 to \$109,310, would see a tax decrease of \$51, or 1.3%. These are the vagaries of the revaluation and there may not be a single family home or condominium that specifically matches these averages. Every home in Hamden is different, and the impact of the revaluation and the impact of the change in mill rate will have different impacts on homes across Town, homes next door to one another, or even identical homes built according to the same specifications that have had different levels of remodeling done over the years. It is worth noting that 90% of residential homes saw a reduction in value following this revaluation.

To ensure that our most vulnerable citizens, our seniors, stay in their homes, I will be recommending a continuation of last year's first "senior tax freeze" – an enhanced

elderly tax incentive. This calculation is reflected in this budget. Helping the residents who built this Town to stay in their homes as long as they want to is a Hamden value that we need to preserve.

In many regards, this budget takes advantage of the methodologies and assumptions we initiated in the development of the current year's budget. Chief among these is a method for determining appropriate medical self insurance projections for coverage of employees, retirees, and their dependents. As you know, over the years, that fund had developed a deficit of more than eight million dollars, which was constricting our Town's cash flow. In the current budget, we revised our methodology for funding medical self-insurance and completely eliminated the outstanding deficit via the proceeds of a refinancing of our outstanding bonds. This revised methodology has worked, and today we are projecting a slight surplus in that account after many years of red ink. Both Anthem, our carrier, and a private consultant approved by the Legislative Council submitted estimates for next year's medical costs, and we have fully funded these estimates to make every effort to ensure that the fund will not run in deficit again. This level of funding has not been applied in over a decade, and possibly not since the inception of the fund.

We have not only fully funded projected current medical costs in the proposed budget, but have also added additional funds for Incurred But Not Reported (also known as IBNR) expenses, which are claims incurred before the last day of the fiscal year but not reported to the insurance carrier until after July 1<sup>st</sup>. This is a first for the Town, and the practice will yield increased efficiency of the fund moving forward. We have also initiated a pre-funding of future medical benefits owed to future retirees. In the world of government finance, these are called Other Post-Employment Benefits, or OPEB, and the Town will be moving ahead of the curve by beginning the process of legitimately pre-funding these obligations. Both the inclusion of OPEB and IBNR lines in the budget will be noted by the rating agencies when we issue new debt over the coming year.

You will note that debt service increases dramatically in the proposed budget because in the current year we used the one-time restructuring savings to eliminate the medical self-insurance deficit. Debt service returns to more traditional levels in the proposed year, budgeted at \$15.8 million as opposed to last year's \$4.3 million. Two years ago, the Town budgeted in excess of \$13 million for debt service. Against our peer communities, including highly-rated communities like Fairfield and West Hartford, our debt profile is very moderate.

Last year, to balance the budget, we were forced to reduce the scope of government services, and in doing so, reduce our overall employment levels. This meant people,

our friends and colleagues, losing their jobs. We worked to assist those affected to obtain employment with the Board of Education and the Greater New Haven Transit District with some success – but it didn't accommodate everyone and in a bad economy, the last thing major employers want to do is lay people off. This year, we have aggressively taken a different approach.

Despite trying times and limited resources, the budget before you does not recommend layoffs. To accomplish this, there is a request for shared sacrifice. I have asked all of our Town bargaining units to reduce their raises this year to an across the board .5% increase. In addition, I have asked for an additional \$750,000 in concessions, shared at a pro-rata level between the bargaining units. These are true concession requests – not deferments. This \$2,100,000 from our workers will allow us to pass a budget that is good for the Town, good for our residents and good for our employees. Across the country and across the state, the news is full of stories of labor strife in the government arena. We want to be the ones to change that dynamic, to restore the luster of labor-management relations in our arena and prove that, with frank dialogue and mutual respect, we can always reach accord.

In keeping with the theme of doing more with less, this budget proposes additional partnerships with community agencies, non-profit organizations and universities. With partners, we will be able to improve and expand our recreation, social service and cultural offerings while realizing a small savings. This is “the new way of doing business” in Hamden. Among the partnership groups included in this proposed budget are Hamden's Partnership for Young Children, the Juvenile Review Board, Southern Connecticut State University, and the Community Action Agency.

Even with change and innovation, we cannot forget that our greatest asset still lies in the next generation. That is why this budget includes changes for our youngest citizens. Eight out of ten Hamden children attend pre-school, which means 20% of our future is already at a disadvantage on their 1<sup>st</sup> day of kindergarten. Hamden's Partnership for Young Children is an existing collaborative that seeks to ensure that every Hamden child starts school ready to learn. HPYC has succeeded mainly through grants and volunteer work, but I think it's time for Hamden to put its money where its future lies and ensure that all of Hamden's children have equal access to a quality education starting from day one.

The Juvenile Review Board, or JRB, is a program for youthful offenders on the cusp of making bad choices that will do irreparable damage to their ability to succeed in school, in the civic arena, and their lifelong earning potential. It is a program that diverts first-time nonviolent offenders from the formal juvenile justice system, instead offering those who admit their guilt a chance to face a panel of community members who determine a punishment and a restorative plan to repair the damage to

their victim, to their family, and to the community at large. Our children are too valuable a resource to leave in the hands of an overburdened juvenile justice system. By allocating funds for this program we continue to not only show our commitment to the youth of Hamden, but we ask them to become proud and responsible stakeholders in their community. This is our expectation.

In addition to these programmatic enhancements, we have also decided to make a shift in the delivery of some youth services. As you know, the State of Connecticut has established, in some ways with good reason, a nearly impenetrable firewall between Boards of Education and Town governments. With the responsive and responsible Board of Education and Central Office staff that we have here in Hamden, I believe this wall is an artifact of the past. As such, in the current budget, I will be asking the Youth Services Bureau, as it pertains to the HPYC project, to report to the Board of Education. There are synergies here that can and must be mined for the benefit of taxpayers, and more important, for seamless delivery of services to our children.

Hamden has rich cultural and recreation opportunities and this budget brings these elements together under a new umbrella of the Arts, Recreation and Culture Department. In a mutually beneficial partnership with Southern Connecticut University we will be offering enhanced services resulting in a higher level of service and diversification of available programs. We should take greater advantage of the higher education institutions, and this innovative partnership can open the door to countless future program enhancements. Additionally, as the State of Connecticut has recently restored funding for arts and culture programming, this new dynamic department has greater capacity for obtaining non-tax funding for the programs that are so integral to Hamden's social fabric.

In this budget, I recommend a few targeted personnel changes that I believe will improve Town operations, while at the same time providing cost savings. These include, upgrading the position of Elderly Outreach Coordinator, an adjustment to the managerial structure of the Public Works Supervisory level staff and the change of a position that in the current budget handles the Police Department Records Room Supervision to an IT Manager for the new Police Headquarters. These changes come with no new employees and a collective cost savings to the Town.

In the next year the Town of Hamden is going to get even tougher on blight. In this budget you will see that the Town will not allow abandoned blighted properties to hurt our neighborhoods and the Town's reputation. I am recommending increasing the blight fees in ordinance amendments that will be submitted to this body and in this budget I have reflected revenues for the new direction that we are taking – acquisition of blighted properties and the sale thereof – to non-profit entities or

individuals in order to get these properties cleaned and back on the tax rolls. Additionally, the budget recommends funding for the cleaning of Town bus shelters. We cannot profess to be a community that believes in transit if our bus shelters give the opposite impression. We are working now to clear the administrative hurdles to this effort and look forward to kicking it off next fiscal year.

Here in Hamden we are fortunate to have citizens, board and commission members, civic associations, and employees constantly on the lookout for the Town's bottom line and potential service enhancements. A number of items in this budget can trace their genesis back to an engaged community. I am recommending that the Town contract with Recyclebank, a program that will reduce our solid waste tipping fees by more than \$100,000 by providing real recycling incentives to our residents. We are proposing funding of a dedicated line for auditing those who are out on Workers' Compensation or receiving disability pensions to make sure they really deserve that status. People abusing the workers' compensation program are hurting every other worker and every taxpayer in this Town. There is also funding for a pilot program to expand branch library hours to Saturdays if it meets the needs of library patrons.

The Hamden Town Charter states that the a Capital Budget shall be submitted alongside the operating budget. This has not been done for many years, but you will find a Capital Budget within this budget proposal. Included in this submission are funds for road and sidewalk improvements, including funding for implementation of a phase three of the traffic calming initiatives that so many of our neighbors have worked on over the last year. I have also asked for comprehensive, professional studies of the pavement condition of every road in Town as well as the development of building and fleet maintenance and replacement programs. Many jurisdictions utilize a uniform Pavement Condition Index, or PCI, to better inform road-paving decisions, and we need to get on board with this well-established and completely transparent program. We can no longer wait for emergencies; we must get ahead of the curve to reduce long-term expenditures. But planning alone is insufficient; I have also included funding so that Town-owned vehicles and equipment long past their useful life can be appropriately replaced.

We have also taken the opportunity to identify programs and equipment in the Capital Budget that will have year-over-year savings on our operating budget, most notably a long-overdue upgrade of our fuel management system and retrofitting of snowplows so that they can more effectively pre-treat roads when winter weather is approaching.

There is also funding proposed for a new piece of fire apparatus, specifically a pumper truck. This is noteworthy in one particular regard: First Selectman Mike

Freda of North Haven and I frequently share notes on common needs, and we recently discovered that we were both including a fire pumper in our Capital Budgets. So we committed to having our fire chiefs work together to develop a common specification so that both communities can save money. This is the way that governments must begin to operate.

The \$3 million pension funding recommendation in this budget is not what I would have liked it to be. However, of the Town's financial priorities, the pension fund has moved behind the restoration of our fund balance and medical self insurance funding in its financial stability prioritization. Municipalities cannot afford to continue the same ways of doing business with regard to pension. MERS was a good start; it moved new hires into the State plan. It is time for the transition to a 401(k)-style benefit where employees must take an active role in planning for their retirement, and I have expressed my thoughts on this very clearly to the Town's bargaining units. It is a mandatory subject of bargaining, but I have included a line in this year's budget to seed that transition.

Friends, the budget is in your hands. I believe that this proposal preserves the services we hold dear and respects the disparate impact on taxpayers following a revaluation. I look forward to working closely with you over the next several weeks as we all seek to move this great Town forward.

Thank you in advance for all of your hard work.