

Budget Delivery Remarks
as prepared for delivery
Mayor Scott D. Jackson
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Introduction

Thank you members of the Legislative Council and Hamden stakeholders for coming out tonight for this budget presentation.

You know from the newspapers: Hamden is a CNN Top 100 place to live. An exemplary suburb, but at the same time it faces a looming fiscal crisis of such severity that it threatens the level of service that Hamden residents have come to expect. I refer, of course, to our dramatically underfunded pension plan.

Decades in the making, despite outperforming 88% of municipal pension funds over the last five years, the plan is currently only 14% funded, among the worst-funded major plans in the United States of America.

I say this pension problem was “decades in the making” with specific purpose. First: to highlight that those problems decades in the making are also decades in the solution. Second: to share with you that this very enterprise in which we are currently engaged, that is to say the annual delivery of the annual budget, is part of the reason we face this crisis today.

Historically, we have focused on the next twelve months. I propose to you today a new covenant: that we focus on the next twelve years. Like you, like so many of our residents and businesses, I have chosen to invest in this great Town. And my investment is long term.

The budget I present to you this evening does not solve all of our issues. A future Council and a future Mayor can shake hands and take credit for that. After careful consideration, it is my

belief that our job is to set the table. Our job is not to take credit; our job is to avoid the primitive belief that a magic bullet solution can eliminate our woes. Friends, it cannot. Easy and singular solutions would have been employed long ago. As in every moment of American history, diligence, will, vision, and fortitude are the characteristics endowed with the power to change the course of human events.

Today, in 2013, I offer the belief that we do not need an annual budget as much as we need a longer-term Roadmap to Sustainability and Prosperity. We need to show our stakeholders how we intend to overcome our difficulties and how we intend to enhance our strengths. We need to implement new ways of governing; conceptualize new departmental organizations, and move forward with strategies designed for the next century, not the last century. We have to cast our gaze just a little bit further than has been our typical field of vision. What I offer this evening is a twelve month budget rooted upon twelve year principles of sustainability.

Roadmap to Sustainability and Prosperity

Hamden's Roadmap to Sustainability and Prosperity must address six critical points.

Pension/Retirement Reform

First and foremost, we must reform the way in which retirement benefits are issued. A few weeks ago, actuaries and financial professionals from around the country came to this very room with an outline of a multi-tiered strategy to fully fund the pension over thirty years. Now we all know that pension benefits are bargained collectively; neither the Mayor nor the Council has the authority to make unilateral changes. But I know that our labor unions want to work with us to resolve the pension underfunding issue, and the time is ripe as many of our contracts expire this coming June 30. I committed, and in this budget established the preparations for comprehensive pension reform.

This budget proposal incorporates \$100,000 in funding for a 401(k) defined contribution retirement program that I would like to offer new employees instead of a pension benefit. Long-term sustainability and prosperity demands this transition.

But the Town has clearly shortchanged its obligation. Under Mayor Henrici, the Town made its most aggressive pension contributions ever. We need to get back to that point, and this budget does just that. With a pension contribution of \$12.5 million and \$13.5 million for all retirement benefits, this is the highest one-year increase in pension contributions in the fund's history. This budget incorporates the Year One amount recommended by the actuaries hired to prepare a long-term plan, and as such, this budget acknowledges and accepts their work. We can fix this issue.

Health Care Benefits

The next component that must be addressed is health care benefits for active and retired employees. Again, these benefits are collectively bargained and, as a self-insured provider, the Town is captive not to any insurance company, but to the actual fees for service at the provider level. Today, more than 20% of every tax dollar goes solely to supporting medical benefits.

We can work to adjust the plans, but we need more significant cost containment efforts at levels well above the Town of Hamden to abate continued dramatic increases in these medical benefit costs. Fifteen years ago, the Town appropriated \$3.4 million to medical costs. In the budget before you, that number is \$34.2 million.

Every December, a consulting firm comes up with a projection on the national percentage increase for health care costs. There was great re-checking of numbers this past December when, for the first time since 2001, that projected rate of increase was less than ten percent. It was in the high nines, but less than ten. Perhaps it is looming provisions of the Affordable Care Act, otherwise known as “Obamacare”, or maybe the system has just started to reach its outer limits in the arena of cost. Regardless, any appropriation line that sees a ten-fold increase in fifteen years demands attention. And since we are a self-insured system, the issue for us is not a plundering insurance company, it is the lack of effective cost containment controls.

Three years ago, this benefit plan was in deficit of \$8.6 million dollars. Last year, the audit shows a surplus in the account. Outside of the Board of Education, this is the largest single item in the budget. I know the macroeconomic principles that develop this number seem arcane. But the number is valid. Miscalculating this appropriation, given its proportion, is one of the few single errors that can have long-term and dire fiscal ramifications. A loss of liquidity, which is the ability to pay current bills in a timely fashion, can be the result of shortchanging this account. Council members, we cannot afford another rolling seven figure deficit in this account.

Infrastructure Planning

The third area in which we need to focus along our roadmap is infrastructure planning and maintenance. We all know that when dollars are short, maintenance budgets get cut. But we also know from our own homes that deferred maintenance turns a hundred dollar repair bill into a thousand dollar disaster. And we have a vast array of assets; not only our parks, buildings and parking lots, but 190 miles of sidewalk, 240 miles of road, and hundreds of miles of underground storm sewers. The general standards of a few years ago-- \$1.5 million for road paving, \$250,000 for sidewalk repairs; \$200,000 for townwide building improvements—are inadequate for us to catch the curve. We need to move on the Michael J. Whalen and Newhall Community Center facilities; we need to make dramatic and visionary steps forward on Masselli Farm. We need to address twenty years of benign neglect at the Vo-Ed building and even more than that at Fire Station #2. And we need to commit to the maintenance of new, and

might I add costly, facilities like Police Headquarters and Hamden Middle School. We need to adopt the corporate culture of spending the hundred dollars today to avoid the thousand dollars tomorrow.

Dozens of pieces of equipment are stored outside in all weather. We need to complete an addition to our Public Works Headquarters to allow this equipment to live out its useful life, instead of deteriorating before our very eyes.

Many of our assets roll on four or more wheels. This budget adds the part-time position of Fleet Manager to help us ensure that our vehicles are also properly maintained according to manufacturer specifications.

On the capital expenditure size of the budget, you will also see the foundation of a significant plan to, at long last, substantially complete the repair of every reported sidewalk trip hazard in the Town in the next six years. If you are a new father with a stroller or a returning veteran in a wheelchair, you know the challenges of our sidewalk infrastructure. It is time for us to think big about the resolution to this issue.

We also have critical human infrastructure. With 100 less full-time employees than we had when I graduated from high school, yet more to do. In my time as Mayor, I have trimmed the town work force by more than ten percent. We need to invest in more training for our people. When the Pardee Brook Diversion Channel needed clearing and contractors tried to take advantage of us, it was our Public Works crews who got the work done at a fraction of the cost. It was our crews who refused to quit and cleared a long-forgotten outfall near the corner of Newhall and Mill Rock, hopefully ending thirty years of flooding in the neighborhood. We have quality people who are going to be with us for a long time. We need to invest in their skills, and to assist in this effort I am proposing that a Human Resource Specialist be added to the Personnel Department roster.

Our staff is at the bare minimum required to deliver service. We have also had five federal disasters in my three years as Mayor. All too frequently, I find myself calling Mayor Carusone for his advice based upon his experience after the July 10, 1989 storm. We need to better utilize force multipliers: valuable on a sunny day and invaluable in time of crisis. The deployment of technology with real-time access to critical data is no longer a luxury. Our crews in the field—police, fire, public works, parks, building, zoning enforcement, engineering—need to be supported by robust databases of information that break down the silos that have created themselves over four hundred years here.

Finally, we have to acknowledge that, since the tragedy at Sandy Hook, we simply cannot act like that kind of tragedy cannot happen here. For our patrons and residents, for our employees and students, enhancements to building security must be made. This budget adds \$10,000 for the operational cost of building security measures, and Hamden's School Building Security Planning Committee will shortly complete a list of capital improvements for our school facilities, which will be incorporated in my recommendations for funding.

Education Improvements

Sustainability and prosperity also require growth and evolution. I will put my bias on full display: I view Hamden as a geographic space where many generations exist and interact in a fashion that provides for maximum benefit. When I was growing up, both of my grandmothers lived within walking distance of my house. My children have the immeasurable value of seeing their grandmother every day, of having another sanctuary outside of their own home, of learning their family history and connecting with their very long bloodline. My parents chose Hamden as the place to raise their family in 1971, and today, all of my siblings live here. Other families should have access to the same set of valuable assets that my family did. Whenever I hear opposition to some building or development that is rooted in the concern that it might bring more children to Hamden, I bristle. Isn't that why most of us chose Hamden? For our children? Particularly after the tragedy at Sandy Hook Elementary School, isn't it time that we wrap our arms a little bit tighter around all of our children?

I think so.

While I have faced some significant challenges in my time as Mayor, I have also been extremely fortunate in some regards. Probably the most significant piece of serendipity is that I have had a Superintendent of Schools who believes in partnership and who believes that we can do better. Having spent a considerable amount of time with Chief Elected Officials statewide, I can attest that this is not always the case.

New, young families are important to Hamden's future. We need a strong educational system that will draw them in, and our children deserve it. We all know the truth: Hamden's top students are the state's top students. But we also have an achievement gap that leaves too many behind. But children are only in school for part of the day, and even then, for only part of the year.

I am exceptionally proud that Superintendent Fran Rabinowitz, the Board of Education, and Hamden's Partnership for Young Children have not simply thrown their hands in the air and said this problem is too big to solve. To the contrary, the Board of Education is embarking on visionary programming that will dramatically improve the cost-effectiveness of our already top-tier special education programming as well as start to address the achievement gap that exists on the first day that a student enters kindergarten. They have my support and they have my thanks. In this budget, the Board of Education is boldly proposing the initial steps in what will become affordable universal pre-school for four year-olds in Hamden. A year ago, in these remarks, I supported universal pre-school. The Board of Education is making that happen.

We also have a fractured statewide system in many regards. There are perverse disincentives for creating a world-class special education system. In conjunction with the State of Connecticut, Hamden needs to offer the premier location for "Schools of Excellence" around

the concepts of special education and early childhood education. We have the facility space, we have the right population, and most important, we have the experience, the vision, and the will to develop these programs. The State must support us in these efforts.

And then there is the issue of educational funding. For all of my time in Hamden, I have steadfastly avoided referring to the gross inequities of the Educational Cost Sharing formula of the State of Connecticut. The New England yankee in me says that we control the things that we control; time wasted screaming at the firmament about the things we cannot control is just that: wasted time. But I owe it to you, the Legislative Council and I owe it to the taxpayers of Hamden to make something crystal clear: the Town of Hamden is grossly victimized by the State's formula for delivering its primary program for education, the ECS program.

You have heard it for years; Mayor Amento was particularly eloquent on the topic. But let me give you some concrete specifics from the current year:

- ^ Meriden, equivalent in size to Hamden, ECS grant of \$55.5 million.
- ^ East Hartford, ECS grant of \$43.4 million.
- ^ West Haven, ECS grant of \$42.7 million.
- ^ Manchester, ECS grant of \$31 million.
- ^ Hamden, ECS grant of \$23.9 million

The difference between Hamden and Meriden in this one program equates, in current year, to more than seven mills of taxes, or 20% of the tax rate. Like you, I have to answer the question of why we have a high mill rate. This inequity has to be part of the answer. This inequity is also part of the reason why I cannot give the Board of Education the funding increase that they have requested and, quite frankly, I believe that they have earned. Let me put it this way: if Hamden received even 60% of the ECS allocation received by the great City of Meriden, I could deliver this very budget, one that takes on decades of internal issues, with a three-quarter of a mill tax cut.

Ninety percent of the Board of Education's requested increase relates to salary increases obligated under contract. However, the Board is also scheduled to issue a retirement package that will help mitigate this number. The Town, which has half the number of employees as the Board of Education, was able to achieve a savings in current budget year of \$1.1 million dollars and our payroll in the proposed budget is less than it was three years ago. I know that there are members of the public and members of this Council that were skeptical of my administration's ability to deliver on the promised savings in current year and avoid re-filling those positions in the proposed year. But we have done just that, and I am asking in this budget that the Board of Education show similar resolve.

I also believe that the time is now for the Board of Education to focus with precision on its core mission: educating our children. I hope to immediately begin discussions with the Board of Education regarding how the Town can take responsibility for some of the items in the Board's budget that are not related to education. In the past few years, the Town has taken on the

burden of medical benefits and workers compensation, protecting the Board from those areas of risk. It is my sincere hope that central service administration functions, like purchasing, personnel, maintenance, and finance can in the coming years be consolidated for maximum advantage to the organization and to the taxpayer. This focus on the bottom line, without regard to yesterday's practices, reflects the fiscal conservatism of Mayor Clayman.

Regional Collaboration

In addition to greater collaboration with the Board of Education, long-term sustainability and prosperity require that we collaborate more with our neighbors. The invisible lines between municipalities in Connecticut are simply not rational and they cost everyone tax dollars due to duplication of services.

We happen to exist within a 15-community region where the Chief Elected Officials are actually all on the same page in regards to regional efforts. Friends, this is rare in the State of Connecticut where issues of home rule, and frankly issues of separatism, are the norm. I tell you this: our taxpayers pay too much for the maintenance of this outmoded system.

Mike Freda, the Republican First Selectman of the great Town of North Haven and I, are collaborating on a number of projects that will enhance service and reduce cost for the taxpayers of both Towns. But those efforts cannot be a hostage to the personal relationship of First Selectman Freda and I, they must be institutionalized.

And on our eastern shore we have the Quinnipiac River, a shared asset between Hamden, North Haven, and New Haven. Just as West Rock Ridge and the Naugatuck State Forest draw residential investors to Hamden, so will the Quinnipiac River. Partnerships with organizations like the Quinnipiac River Watershed Association must be undertaken for us to maximize the value of this local asset.

While I am speaking this evening in an unusual fashion for a budget delivery as the time horizons on these topics far exceed the confines of the budget, tonight is actually not the opening of a new door. This door to long-term planning was actually opened in the passage of the new Town Charter, the first Charter revision since Mayor Villano. The voters of the Town of Hamden approved a Charter that, for the first time, addressed regional efforts as the right way to go.

Commitment to Volunteer Efforts

The final component of the Roadmap to Sustainability and Prosperity is a reflection upon the one element that, above all, makes Hamden a Top 100 Place to live. It is not our diversity, though that is a strength. It is not our access to business and to unspoiled natural treasures, though that is a strength.

By my analysis, Hamden's premier strength is the willingness of its residents to toil, without profit or recognition, for the common good. Every member of a Board or Commission, every youth sports coach, every PTA member, every person who counts themselves as a Friend of Brooksvale Park. People like "Grandpa Jack", John P. DeNicola, Jr., the neighborhood pharmacist who became Hamden's sixth Mayor. Members of the Legislative Council, I don't know if I have to tell you this, but this commitment to voluntarism in this Town, the civic pride, is both unusual and extraordinary.

Right now, today, we need to capitalize on that spirit in a broader way than ever. We have at-risk youth who need mentors. We need supplies to help our civic associations sponsor effective community cleanups. The budget before you, for the first time in our history, acknowledges our appreciation of the many volunteers who keep this Town strong and offers resources to bring in more sharp minds and strong backs keep Hamden moving forward.

Conclusion

I have outlined the six areas I believe must be considered in our Roadmap to Sustainability and Prosperity: retirement reform, benefit reform, infrastructure improvement, educational improvement, enhanced regional efforts, and fostering volunteer efforts. At the same time, we cannot neglect the police officers, clerks, plow drivers, teachers, firefighters, grass cutters, librarians, training officers, and inspection agents required to make this Town operate. And add to that the artists, the sanitarians, the senior bus drivers, and the mental health workers who come into this Town every day to make it the best place in America to live, work, and raise a family.

What will not make this Town great is fingerpointing and labeling. We can all take a page out of Mayor Barbara DeNicola's book: we are in this boat together. Together we rise, together we fall.

So here are the broad financial specifics of the budget I present to you tonight. I am proposing a mill rate increase of 1.44 mills, supported by an increase in taxes of \$6.2 million and other aid of \$1 million.

Of that \$7.2 million total increase, \$3.5 million is dedicated to retirement benefits, \$1.8 million is for increases in medical benefits, \$800,000 is for the Board of Education, \$302,000 is for the debt service schedule. For the median Hamden homeowner, this means an increase in taxes of \$215.65 per year, and for the median automobile it is an increase of \$8.41. I know that times are difficult and salaries are lean. My mother, every one of my siblings, my friends who are like brothers, my peers in the Ridge Hill School PTA, and in all likelihood, the woman behind me in the grocery store are all subject to the tax rates I propose. They are not nameless, they are not faceless, and I know their stories, but this is our investment toward sustainability and prosperity.

We have taken on a lot in our time together: departmental reorganizations, outsourcing, and actually seizing blighted properties and selling them via auction. We continue to develop forward-thinking strategies around trash and recycling, vehicle management and maintenance, the operations of our transfer station, our management of warranties, and the collection of outstanding debts to the Town for everything from parking tickets to alarm fees.

In these remarks I have paid tribute to many Hamden Mayors, because I have had the opportunity to learn from each of them. And late at night, as I pace the halls of Government Center in the quiet and in the darkness, their portraits on the walls have always given me the answers I have needed. There is Mayor DiMeo, who teaches that expeditious action matters. And Mayor Harris, who knew that the Office of the Mayor holds value, value that can never be traded away, and Mayor Adams, who shepherded the explosion of diversity here in Hamden, and of course, the first Mayor DeNicola, who reminds us that, above all, Hamden is about families.

While no line in the budget was too small for scrutiny, we tried to save our grandest efforts for those items that have the biggest bang for the buck for Hamden residents. This was a team effort between my office and our department heads, but I also want to specifically thank Curt Leng and Julie Smith of the Mayor's Office, and Sal DeCola, Amaechi Obi, Patti Riccitelli, and Beng Kuan of the Finance Department for their work on the document before you. While these remarks have run long, I believe there is always time for a "please" and a "thank you."

Members of the Legislative Council, the budget is in your hands and the principles on which that budget were crafted have been presented to you. I ask that you seek and take the counsel of the eleven Mayors who served me; only by embracing our history can we take the critical steps forward.

I wish you well in your deliberations, and I know that the residents of Hamden are in good hands.