

Good evening friends. It is my distinct pleasure and honor to come before you once again to present my proposed budget for 2015/2016.

For a long time, elected officials, including me, have said that these budgets are not about dollars, but rather about priorities. And I believe that. However, there is a missing piece in that analysis. Municipal budgets are not simply about a 12 month cycle, but they are about the long-term health and viability of our communities. While there is constant pressure on the mill rate as a snapshot, a moment in time, our duty as guardians of the community we love is more closely aligned with a long range view of Hamden and the characteristics that make families want to invest here.

This budget maintains the sense of community that we have all worked so hard to establish; the sense that there is never a “them”, only an “us”. This sense of community is embodied by and enhanced by our summer concerts and arts programming, our festivals and movie nights, our extended library hours and our schools. Times are tough and dollars hard to come by, but these are the programs that make Hamden special and cutting them would be sacrificing the very things that make us special.

But there are also areas in which we can’t just keep great things going, we need to try new things in order to live up to the reasonable expectations of our community stakeholders.

So let’s talk about crime for a moment, and how it interplays with these expectations. I received an email a couple of weeks ago. It read:

“Dear Mr. Mayor,

I would like to know what you are doing about all of the crime in Hamden. I have lived in Hamden for over 25 years and I have never seen anything like this crime wave. Every day it’s a new crime story in the paper or in Hamden Patch and it’s violent crime.”

To which I responded, “Thanks for writing. I know it is not easy to accept, but crime is actually down in Hamden over that same 25 year period. Chief Wydra and I have determined that it is important for people to know what is really going on, so we actually put out more press releases about crime than ever before. This is help neighborhoods

determine for themselves how important it is for neighbors to look out for neighbors.”

It is, in fact, a very reasonable expectation to feel safe in your home and in your place of work. We have chosen, deliberately, to tell the truth.

The budget before you adds \$100,000 for community policing efforts. This translates to added bike patrols in our neighborhoods and along the Farmington Canal, and a return to walking beats for true engagement with our citizens. Obviously, the real solution to crime is not, nor has it ever been, nor will it ever be, exponentially expanding police forces. These dollars, along with the millions dedicated to education, community support structures and the like are intended to provide proactive opportunities for human engagement that prevent the crime before it ever happens. But when a crime does occur, you can be guaranteed that the Hamden Police have the tools, the training, and the tenacity to track you down.

There is more than enough demonization of young people to go around, and certainly do not want to intimate that all of our crime is attributable to young people. But some of it is, and as such, caregivers: you have a responsibility. The child under your care and protection is not allowed to be out at one in the morning. The child under your care and protection is not allowed to skip school. The child under your care and protection is not allowed access to drugs and guns. These are our community standards. And if the child under your care and protection is straying, it is your obligation to talk to someone about it. Go to your school, go to your house of worship, if you need to, go to the police department. There are people who can help you.

Moving into more strictly fiscal issues, pension and benefit reform have the biggest impact on the Town's operating budget. One month ago, the Town's pension plan was funded at less than 11%; one of the worst-funded plans in America. Over a five year period--starting with the 2010 revision of the Town Charter and moving through the March 10, 2015 settlement of \$125M in pension deficit funding bonds--we have taken the hard but necessary steps to address that issue. In doing so, we have stabilized the most volatile and quickly growing element in the Town's operating budget.

The fact that we were able to devise a pragmatic plan to dig ourselves out of that hole on our

own and in a way that is responsible to our taxpayers, says a lot about our collective character.

The pension bonds add an additional \$8M in debt service to the budget. On its own, an additional \$8M in expenses would equate to about 2 mills of taxes. To soften that impact, we have done two things: we have organized a restructuring of some of our outstanding debt based upon interest rates, similar to a home refinancing. Also, we will be proposing that some of the funds budgeted for the pension bonds in the current year, no longer necessary because of the timing of our bond sale, be rolled forward into what is known as a special fund. This account would be held outside of the operating budget and used to pay a portion of the pension debt service in years when it can mitigate mill rate increases.

A few weeks ago, the Finance Director and I sat in a conference room and watched investors from around the globe compete with each other for the privilege of buying our bonds.

Investors put a third of a billion dollars on the table to invest in Hamden, and that competition drove the interest rates down from a projected 5.71% to 5.22%. That half a point immediately put an extra \$3M into the fund and reduced our borrowing cost over the term by approximately \$30M. My friends, it was gratifying to see that the investment community believes in this great town as much as we do.

What makes us different from the Detroit and the Stockton of the world is that these pension bonds were not a one-stop resolution. The funds are a backstop to ensure the solvency of the plan while we slowly and responsibly accelerate our payment schedule. This is the epitome of the yankee work ethic: keep your eye on the prize but your nose to the grindstone. It took decades to make this problem and it will take decades to fix this problem.

But we have a roadmap, one designed by some of the leading municipal finance and pension experts in the country. It is our job to follow it. That total fix involves serious negotiations with our bargaining units over benefit packages and a transition to a 401(k) style retirement program, the initiation of which is incorporated in the budget before you.

This budget proposes increasing our direct pension contribution to \$14M, which is actually \$1.65M more than is required under state statute. Those who do not know their history are condemned to repeat it: we are paying a premium on pension today because we discounted our contributions in the past. By putting more into the fund early, we save later. The dollar we

spend today provides for savings tomorrow.

The medical benefits line in this budget, the second-largest behind education, shows an increase of 4%. We are able to trend lower than the national average of medical inflation because we have worked with our unions, the service unions last year and the guardians this year, to offer new types of medical benefit packages that save us money. It has shown results. The audit shows a \$1.4M surplus in the fund at the end of last fiscal year.

Our data-informed infrastructure program around roads and sidewalks is paying dividends. The weather of the last few weeks has had a catastrophic effect on the road surfaces, and Hamden is no exception. But our advanced schedule of road paving, based upon road condition data collected by a neutral third party, has mitigated the effects of a harsh winter and, comparatively, kept our roads in better shape. We are pursuing the same type of inventory for our sidewalks, as well as purchasing the equipment necessary to validate in the field the quality and consistency of the concrete we are pouring.

I have said it before and I will say it again: the two things in local government that we cannot afford to get wrong are guardian services and education. This budget provides for the growing and changing needs in police, fire, and in our schools. We are fortunate to have Jody Goeler as our Superintendent of Schools, and he, his team, and the Board of Education have made a cogent argument about their vision for the future. I am proposing an education budget of \$82.6M, a 1.25% increase over last year. At the same time, some items in the Board's request are eligible for funding through the annual capital appropriation and two major grants, the Alliance component of the Education Cost Sharing grant as well as the Special Education Excess grant are not captured in the Town's revenue, providing potentially another \$3M for the Board's pursuit of its educational mission.

This budget also continues the continual process of rightsizing our workforce. The Town needs enhanced contract management services, particularly as it relates to our sustainability contracts, so a position has been requested. Likewise, records management in law enforcement has emerged as a critical component that requires full-time consistency.

And of course, we cannot forget our neighbors in need. This budget maintains the senior,

veteran, and disabled tax advantages that we have been able to institute, and extends evening hours at the Food Bank to help ensure that none of our neighbors go hungry.

The guiding principles of this budget were fiscal stability, maintenance and productivity enhancements in core services, and support for community building. I believe that this budget adheres to those principles. This budget proposal increases spending from \$206.7M to \$211.2M. The mill rate increases from 39.93 to 40.86. For the median single family homeowner, this proposed budget means a tax increase of \$170.87 per year. For the median condominium owner it is \$112.65. And taxes on the median automobile will increase by \$14.87.

The budget includes no layoffs and no departmental consolidations, but it does incorporate funds in the Reserve for Negotiations line for the police contract, which has not yet settled, and other personnel-related negotiated items that we anticipate. The largest budgetary areas are education, at \$82.6M, medical benefits at \$35.4M, and retirement benefits at \$16M.

You have seen the most recent audit, which shows another closed year of adding to our fund balance, of clean operations, and of sound practices. Over our years of taking on this task together, we have implemented a pension reform plan to solve a problem that has haunted this Town for decades. We reduced the outflows from the pension fund by actually paying attention to the document and issuing the right Cost of Living Adjustments, saving millions of dollars. We saw upgrades from the ratings agencies Standard and Poors and Fitch. We have turned a nine million dollar deficit in the medical self insurance fund into a surplus. We have created new departments and consolidated others, all in the name of making our government the leanest and most effective that it can be. And we have done this without eliminating any of the services or programs that our neighbors have earned.

In a State that is *Still Revolutionary*, Hamden must continue to be *evolutionary*. We can change the way we do business. We have done it before and we will do it again. Our Information Technology Department is now constituted, seeking innovative ways to enhance the productivity of our workforce. Our trash and recycling program is paying real dividends with a dramatic decrease in trash, which costs us money, and recycling, which earns us money. We can never stop implementing the great ideas that make us a 21st century community.

And finally friends, this will be my last budget delivery to you. I have chosen not to seek another term as Mayor. I have enjoyed my time as Hamden's ambassador. I have enjoyed best of all talking to the so many second-graders in town, learning what they love about Hamden. Second-graders don't care about taxes and they don't have neighborhood feuds. They give you the unvarnished truth when you ask them a direct question.

And the truth is this is a great town in which to raise a family. The children tell us so.

But I also think about my friends Matt Corcoran and Michael Bellmore, young men who shared a thirst to serve, but left us too soon. We have control over many aspects of our lives, but longevity is not one of them. It is the right time for me and for my family to approach new and different opportunities.

Good luck with the budget. The Town Charter invests in the fifteen members of this body the authority over this stage of the process. As always, my staff and I stand ready to assist you in any way possible.

Good night.