The Hartford Plan: Creating a Platform for Fiscal Sustainability
The Hartford Plan: Executive Summary
Overview

• In late 2016, the City of Hartford sought assistance from the National Resource Network in developing options for fiscal sustainability

• Representatives of the Network visited Hartford in late November and met with City leadership, key department heads, regional business leaders and other community stakeholders

• Based on the assessment visit, the Network and the City agreed on a two part direct assistance project
  ✓ Under Part I, the Network developed an analysis of the role of Hartford as an economic engine in the region and the state and assessed the impact of further fiscal decline
  ✓ Part II was designed to develop a set of savings and revenue initiatives designed to achieve fiscal sustainability between FY 2018 and FY 2022
Overview

• The goal of the Network project was not to substitute for the City’s proposal for increased state assistance. Instead, our work was designed to identify savings and revenue options that go beyond needed state assistance.

• Additional revenue and savings options are essential so that the City can close out year gaps and have resources needed for long term investment.
  – Even if the City closes its FY 2018 gap with state aid, its cumulative deficit for FY 2019 – FY 2023 totals nearly $80 million.

• Fundamentally, the City needs both increased state assistance and essential changes in the labor-management relationship to achieve balanced budgets. Without both, the City may have few – if any – options other than service insolvency or bankruptcy.
Phase I

• What We Did
  – Assess Hartford’s overall impact on the State and regional economy
  – Review the impact that Hartford’s role as an economic engine has on State revenue

• What We Found
  – Though declining in population, Hartford remains Connecticut’s economic engine
  – Hartford employment primarily benefits non-residents of Hartford
  – Revenue generated by Hartford employment drives State income tax revenue
Phase I: Hartford as Economic Engine

- As of 2014, the City was home to 107,177 primary jobs – compared to 482,828 in Hartford County and 1,518,966 statewide

- While the City of Hartford accounts for just 3.5 percent of Connecticut’s population, it is the home to 7.1 percent of the State’s primary jobs

<table>
<thead>
<tr>
<th></th>
<th>Primary Jobs, 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>City of Hartford</td>
<td>107,177</td>
</tr>
<tr>
<td>New Haven</td>
<td>78,142</td>
</tr>
<tr>
<td>Stamford</td>
<td>71,700</td>
</tr>
<tr>
<td>Bridgeport</td>
<td>40,716</td>
</tr>
<tr>
<td>Waterbury</td>
<td>38,519</td>
</tr>
</tbody>
</table>
## Phase I: Hartford as Economic Engine

<table>
<thead>
<tr>
<th>Primary Jobholders, 2014</th>
<th>Earning $3,333 or more/month</th>
<th>BA or Advanced Degree</th>
</tr>
</thead>
<tbody>
<tr>
<td>City of Hartford</td>
<td>67.8%</td>
<td>35.6%</td>
</tr>
<tr>
<td>Hartford County</td>
<td>57.9%</td>
<td>19.9%</td>
</tr>
<tr>
<td>State of Connecticut</td>
<td>54.8%</td>
<td>20.7%</td>
</tr>
<tr>
<td>Bridgeport</td>
<td>53.3%</td>
<td>26.3%</td>
</tr>
<tr>
<td>New Haven</td>
<td>65.2%</td>
<td>33.1%</td>
</tr>
<tr>
<td>Stamford</td>
<td>66.7%</td>
<td>36.8%</td>
</tr>
<tr>
<td>Waterbury</td>
<td>45.5%</td>
<td>24.4%</td>
</tr>
</tbody>
</table>
## Phase I: Hartford as Economic Engine

<table>
<thead>
<tr>
<th></th>
<th>2002 Primary Jobs</th>
<th>2014 Primary Jobs</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>City of Hartford</td>
<td>106,477</td>
<td>107,177</td>
<td>700</td>
</tr>
<tr>
<td>New Haven</td>
<td>69,861</td>
<td>78,142</td>
<td>8,281</td>
</tr>
<tr>
<td>Stamford</td>
<td>72,838</td>
<td>71,700</td>
<td>-1,138</td>
</tr>
<tr>
<td>Bridgeport</td>
<td>41,749</td>
<td>40,716</td>
<td>-1,033</td>
</tr>
<tr>
<td>Waterbury</td>
<td>39,758</td>
<td>38,519</td>
<td>-1,239</td>
</tr>
</tbody>
</table>
### Phase I: Who Works in Hartford

<table>
<thead>
<tr>
<th>2014 Primary Jobs, Place of Residence</th>
<th>Number of Employees</th>
<th>Percent of Total Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hartford</td>
<td>13,231</td>
<td>12.3%</td>
</tr>
<tr>
<td>West Hartford</td>
<td>6,980</td>
<td>6.5%</td>
</tr>
<tr>
<td>East Hartford</td>
<td>4,346</td>
<td>4.1%</td>
</tr>
<tr>
<td>New Britain</td>
<td>3,019</td>
<td>2.8%</td>
</tr>
<tr>
<td>Wethersfield</td>
<td>3,000</td>
<td>2.8%</td>
</tr>
<tr>
<td>Newington</td>
<td>2,667</td>
<td>2.5%</td>
</tr>
<tr>
<td>Manchester</td>
<td>2,222</td>
<td>2.1%</td>
</tr>
<tr>
<td>Bristol</td>
<td>2,201</td>
<td>2.1%</td>
</tr>
<tr>
<td>Middletown</td>
<td>2,064</td>
<td>1.9%</td>
</tr>
<tr>
<td>Waterbury</td>
<td>1,121</td>
<td>1.0%</td>
</tr>
<tr>
<td>Meriden</td>
<td>1,071</td>
<td>1.0%</td>
</tr>
</tbody>
</table>
Phase I: Hartford Impact on State Revenue

The largest single source of revenue for the State is the income tax. In FY 2016, the State collected $17.3 billion in taxes – with $9.28 billion in personal income tax revenue.

- Because income tax revenue is tracked on the basis of situs of residence rather than employment, it is difficult to determine just what percentage of state income tax revenue is generated by employment within the City.

- While Hartford is the location of 7.1 percent of all primary jobs statewide, it is the home to 8.7 percent of primary jobs statewide earning more than $3,333 per month.

- Example: West Hartford residents accounted for $174.3 million in state personal income tax revenue in 2015 – 7th highest among municipalities statewide. But among primary job holders living in West Hartford, just under 25 percent worked in Hartford – compared to just 15 percent who both resided and worked in West Hartford.
Phase II: Hartford on the Brink

• On the revenue side, Hartford is greatly limited in its ability to raise revenue
  – In Connecticut, city governments are greatly dependent on property tax revenue. Property tax in Hartford accounts for nearly 50 percent of total General Fund revenue – no other local source of revenue accounts for more than 2 percent of revenue
  – At the same time, half of all Hartford property -- based on value – is tax exempt

• The cost of City government has continued to grow. Between FY 2013 and FY 2016, spending growth was driven by:
  – $10.7 million increase in payments for Police pension
  – $4.7 million increase in payments for Fire pension
  – $3.8 million increase in Police overtime spending
  – $3.6 million increase in payments for other employee pensions
  – $1.7 million increase in Fire overtime spending
  – $1.6 million increase in vacation payout
Phase II: Hartford on the Brink

• The City’s own projections point to a growing structural deficit in the next five years with growth primarily driven by an increase in debt service costs:
  – FY 2018: $49.6 million
  – FY 2019: $46.6 million
  – FY 2020: $51.4 million
  – FY 2021: $69.5 million
  – FY 2022: $74.5 million
  – FY 2023: $83.2 million

• Debt service declined from $33.4 million in FY 2013 to $9.6 million in FY 2015 due to refinancing that effectively “kicked the can” to create short term savings. Debt service is budgeted for $58.6 million in FY 2018 and will grow to more than $70 million by FY 2022. Opportunities for refinancing the debt are limited due to its structure and the City’s current bond ratings
Factors Driving the Gap:
Cost of Workforce

- Between FY 2013 and FY 2016, personnel costs increased by 5.3 percent -- compared to inflationary growth of just 1.4 percent
- Personnel costs also outpaced City revenue, which declined by 2.6 percent
- Pension and health care costs drove overall personnel expenditure growth

FY 2013-FY 2016 Cumulative Growth

Factors Driving the Gap:
Public Safety as Share of Workforce

- While Hartford’s non-public safety FTEs per capita is within ten percent of the median among benchmarks, the number of public safety FTEs per capita is nearly twenty percent higher than the median and the second highest of eight cities reviewed.

<table>
<thead>
<tr>
<th>Staffing Ratios</th>
<th>Population</th>
<th>per 1,000 Capita</th>
<th>Per 1,000 Capita</th>
<th>1,000 Capita</th>
</tr>
</thead>
<tbody>
<tr>
<td>Albany, NY</td>
<td>98,452</td>
<td>7.26</td>
<td>7.25</td>
<td>14.51</td>
</tr>
<tr>
<td>Hartford, CT</td>
<td>124,014</td>
<td>6.60</td>
<td>4.93</td>
<td>11.52</td>
</tr>
<tr>
<td>New Haven, CT</td>
<td>130,310</td>
<td>6.49</td>
<td>5.77</td>
<td>12.26</td>
</tr>
<tr>
<td>Providence, RI</td>
<td>179,204</td>
<td>5.69</td>
<td>4.06</td>
<td>9.74</td>
</tr>
<tr>
<td>Chattanooga, TN</td>
<td>176,597</td>
<td>5.57</td>
<td>7.26</td>
<td>12.83</td>
</tr>
<tr>
<td>Waterbury, CT</td>
<td>108,807</td>
<td>5.22</td>
<td>4.45</td>
<td>9.67</td>
</tr>
<tr>
<td>Bridgeport, CT</td>
<td>147,619</td>
<td>4.77</td>
<td>3.96</td>
<td>8.73</td>
</tr>
<tr>
<td>Manchester, NH</td>
<td>110,223</td>
<td>4.49</td>
<td>3.11</td>
<td>7.60</td>
</tr>
<tr>
<td>Median Excl. Hartford</td>
<td>130,310</td>
<td>5.57</td>
<td>4.45</td>
<td>9.74</td>
</tr>
<tr>
<td>Rank</td>
<td>5 of 8</td>
<td>2 of 8</td>
<td>4 of 8</td>
<td>4 of 8</td>
</tr>
</tbody>
</table>

Note: Emergency Communications employees are excluded from public safety figures because not every City handles emergency communications in the same manner.

Sources: 2015 ACS 1-year population estimates, 2015 FBI UCR data, 2016 CAFRs. Manchester, NH data per 2015 CAFR – most recently available information. Enterprise Fund FTEs and Education FTEs have been removed from totals in applicable municipalities.
Factors Driving the Gap: Fire Department Staffing

- The Hartford Fire Department has more FTEs per 1,000 residents than benchmarked cities, even those that provide primary EMS services for their cities
- In FY 2016, Hartford had 324 firefighters, 760 fires per year – of which 137 were structure fires

<table>
<thead>
<tr>
<th></th>
<th>Fire FTE per 1,000 Capita</th>
<th>Engine Companies per Square Mile</th>
<th>Ladder Companies per Square Mile</th>
<th>Stations per Square Mile</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hartford, CT</td>
<td>2.91</td>
<td>0.63</td>
<td>0.29</td>
<td>0.69</td>
</tr>
<tr>
<td>Providence, RI</td>
<td>2.83</td>
<td>0.65</td>
<td>0.38</td>
<td>0.82</td>
</tr>
<tr>
<td>New Haven, CT</td>
<td>2.81</td>
<td>0.54</td>
<td>0.21</td>
<td>0.54</td>
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<tr>
<td>Albany, NY*</td>
<td>2.46</td>
<td>0.37</td>
<td>0.19</td>
<td>0.37</td>
</tr>
<tr>
<td>Chattanooga, TN</td>
<td>2.52</td>
<td>0.08</td>
<td>0.08</td>
<td>0.15</td>
</tr>
<tr>
<td>Waterbury, CT</td>
<td>2.18</td>
<td>0.28</td>
<td>0.11</td>
<td>0.32</td>
</tr>
<tr>
<td>Bridgeport, CT</td>
<td>2.01</td>
<td>0.56</td>
<td>0.25</td>
<td>0.5</td>
</tr>
<tr>
<td>Manchester, NH*</td>
<td>2.02</td>
<td>0.33</td>
<td>0.12</td>
<td>0.3</td>
</tr>
<tr>
<td>Median Excl. Hartford</td>
<td>2.46</td>
<td>0.37</td>
<td>0.19</td>
<td>0.37</td>
</tr>
<tr>
<td>Hartford Variance from Median</td>
<td>18.3%</td>
<td>70.3%</td>
<td>52.6%</td>
<td>86.5%</td>
</tr>
<tr>
<td>Rank</td>
<td>1 of 8</td>
<td>2 of 8</td>
<td>2 of 8</td>
<td>2 of 8</td>
</tr>
</tbody>
</table>

Sources: 2016 CAFRs; ACS 2015 population estimates and square mileage data; respective departments’ published information
*2015 CAFR numbers used
Factors Driving the Gap: 
**State Minimum Budget Requirement**

- Hartford’s FY 2018 budget includes $96 million in direct City tax dollars for Hartford Public Schools. In addition, the City provides funding for school related debt service and provides in-kind support for a total City contribution of $118.3 million. The City’s direct support alone is greater than the General Fund budgets for Fire and Police combined.

- Connecticut mandates local municipalities with Alliance Schools Districts (30 lowest performing school districts in the state) to allocate no less than the previous year’s spending on education.

- The law allows for towns with non-alliance school districts to reduce their education allocation if there is a reduction in student population or if there are increased efficiencies. But there is no similar opportunity for Alliance School Districts.
Factors Driving the Gap: *Public Works*

- The Department of Public Works is the third largest City department – following Police and Fire. Between FY 2013 and FY 2016, General Fund spending increased from $12.9 million to $13.2 million.

- The increase in spending, however, coincided with a reduction in FTE head count. The largest FTE reductions occurred in Waste and Recycling, Street Services, Parks and Equipment Maintenance.

- Public Works is also responsible for leased City facilities – the costs of which are not included in the Public Works budget. Spending on leases and rentals increased from $1.9 million in FY 2013 to $2.8 million in FY 2016 and spending on vehicles and equipment increased from $1.4 million in FY 2013 to $2.3 million in FY 2016.

- Public Works is responsible for operation of the City’s two golf courses, which are funded through an Enterprise Fund.
Phase II: The Path Forward

• In the short term, Hartford needs immediate assistance from the State to avoid bankruptcy or insolvency and a long term commitment of state aid

• In the long term, there are a series of strategies that can provide cost savings or new revenue to Hartford. Almost all of these would require the agreement of labor, regionalization or changes in state law:
  – Fundamental changes in compensation and benefits
  – A right-sizing of the City’s public safety operations
  – Greater efficiency and coordination in delivery of City services
Phase II: The Path Forward

- **State Assistance: $40 million a year through FY 2022**
  - To avoid insolvency in FY 2018 and FY 2019, the State needs to provide assistance of $40 million.
  - This level of assistance needs to be sustained over the next five years as a starting point for closing the City’s gap.
  - In lieu of direct aid, the State can provide indirect aid by:
    - Enabling the City to tax non-profit hospitals
    - Reducing the City’s funding requirements for schools under the MBR
    - Acquiring City assets, such as Batterson Park, and creating a funding stream for pension and retiree contributions
Meeting the Challenge: New Partnership with the State
The Need for State Assistance

• In order for the City to avoid short-term insolvency, the State of Connecticut has to provide immediate budgetary relief to close a $40 million gap in the City’s FY 2018 budget. Increased state aid alone will not solve Hartford’s long term fiscal challenge, but it is the best hope for forestalling bankruptcy in FY 2018.

• As noted in Phase I, the State has a clear and important economic interest in the future viability and prosperity of Hartford. The city remains an economic engine for the state.

• Unlike many other states, Connecticut has created a framework for state aid for Hartford and other cities. Most other states do not have similar state aid funding arrangements to offset lost revenue due to State tax-exempt properties. In FY 2016, the City received $37.3 million in PILOT payments from the State.

• State funding, however, has not kept pace with statutory provisions. And while the State provides significant funding it also creates a statutory framework that defines the local budget— including funding requirements for schools, the degree to which the City can manage its labor costs and the ability to adopt revenues sources.
The Need for State Assistance

- This Plan does not address the City’s request for additional aid from the State other than to acknowledge that in the short term it is a critical component of ensuring short term balance.
- State aid could, in theory, come from existing state sources of funding or it could come from new revenue sources.
- To achieve both budget balance in FY 2018 and ongoing fiscal stability, the City needs to be able to rely on either direct revenue from the State, new State enabled tax revenue from non-profit institutions or other forms of fiscal relief that totals $40 million per year.
- This plan examines three alternative sources of relief beyond the State providing $40 million in direct aid:
  - Additional tax revenue from non-profit institutions.
  - Fiscal relief related to the Hartford Public Schools.
  - Purchase of City assets by the State.
Revenue Initiatives: 
*Increase in PILOT Revenue*

- In Hartford, tax exempt properties make up 50 percent of the City’s properties.

- The State of Connecticut’s PILOT formula is designed to reimburse towns for State, hospital and university owned property:
  - State properties are reimbursed at 77 percent of annual tax amount.
  - Hospital and university owned property are reimbursed at 45 percent of annual tax amount.
  - In FY 2016, Hartford received only 42 percent of the State calculated PILOT formula.

- In lieu of increased state aid, the Governor has proposed enabling the city to tax non-profit hospitals. Based on current assessment data, full taxation of all hospitals in Hartford would generate **$43 million annually**.
Revenue Initiatives: 
*Increase in PILOT Revenue*

- When compared to other urban municipalities in the State, Hartford has the worst ratio of exempt properties.

Source: City of Hartford FY 2018 Budget
Revenue Initiatives: 
*Increase in PILOT Revenue*

- Absent new state aid or state enabling legislation to tax non-profit hospitals, the City should seek increased revenue from voluntary PILOTs with exempt property owners.

- In FY 2016, 49 of Boston’s hospitals, higher education institutions, and cultural institutions provided community benefits and cash PILOT payments totaling $32.1 million nearly 8 percent of their taxable value.

- In FY 2016, Providence, RI received $8.2 million in PILOT payments – primarily from just four higher education institutions:
  - The six major entities making PILOT payments in FY 2016 owned 422 tax-exempt parcels have a combined assessed value of $3.0 billion.
  - PILOT payments by these six institutions represent approximately 6.8 percent of their taxable obligation if not tax-exempt.

- Springfield, MA collects $2.1 million annually from PILOTs. The FY 2017 budget also notes developing policy for negotiating PILOT payments to increase revenue and reflect the services provided to non-profit entities.
Factors Driving the Gap:  
State Minimum Budget Requirement (MBR)

• Hartford’s FY 2018 budget includes $96 million in direct City tax dollars for Hartford Public Schools. In addition, the City provides funding for school related debt service and provides in kind support for a total City contribution of $118.3 million. The City’s direct support alone is greater than the General Fund budgets for Fire and Police combined.

• Connecticut State Law (CT Gen Stat § 10-262j) mandates local municipalities with Alliance Schools Districts (30 lowest performing school districts in the state) to allocate no less than the previous year’s spending on education.

• The law allows for towns with non-alliance school districts to reduce their education allocation if there is a reduction in student population or if there are increased efficiencies:
  • Any city with a non-alliance school district may decrease its budget appropriation by as much as one half of 1 percent with savings achieved by increased efficiencies or regional collaboration.
  • Any city with a non-alliance school district may reduce its budget allocation based on reduced student enrollment provided that the reduction is no more than 3 percent of the allocation.
The Problem with Current Law

- Cities and towns have limited incentive to work with school systems to create efficiencies in spending.
- There is also no incentive for towns with a surplus to allocate extra funds to a school district with the knowledge that the town will then be required to maintain the higher amount in the future.
- Cities and towns in financial distress have no respite from the MBR.

Massachusetts (Chapter 70): Sets local contribution levels each year based on the municipality’s ability to pay based on incomes and property values. No long term consequences if the city or town chooses to give more than the minimum as the levels are reset every year.

Rhode Island: ([RI Gen L § 16-7-23 (2013)]): Allows for a 95 percent maintenance of effort. Allows for reductions based on decreases in enrollment and allows for nonrecurring expenditures to be deducted from the following years maintenance of effort.

Potential Changes to State Law: Allow for Alliance School Districts to take advantage of cost saving measures in current law – efficiencies and drop in student population – and allow for short term waivers to the MBR for cities in distress.
Expenditure Initiatives:  
**MBR Fiscal Relief**

- With reform of the State MBR, the City and HPS would have an incentive to pursue additional shared services and consolidations. Savings resulting from consolidation and shared services could be shared by the City and HPS.

- Hartford and HPS may have duplicative services and opportunities for coordination, consolidation or shared services in the following areas: Risk Services, Human Resources, Printing, Maintenance/Custodial and Facilities.

- Maintenance/Custodial and Facilities in FY 2018 (estimated)
  - Hartford Public Schools: $7.8 million
  - City of Hartford Facilities: $3.0 million
  - City of Hartford Parks Maintenance: $2.7 million

- Human Resources
  - Hartford Public Schools: $2.0 million
  - City of Hartford: $1.8 million
Revenue Initiatives: Make Batterson Park a State Park

• Batterson Park is a Hartford-owned facility located entirely within the boundaries of nearby New Britain and Farmington. The park features 86 acres of land and a 140 acre pond. The park is a 12 minute drive from the outskirts of Hartford, and a 17 minute drive from DPW’s offices downtown.

• The City has transferred parts of the park over time through sale and, during the 2016 budget cycle, ownership of parts of the park was transferred to the Municipal Employee Retirement Fund in order to offset $5 million in pension liabilities.

• Rather than just selling the entirety of the park, the State should acquire the park from the City over a ten year period of time and incorporate it into the state park system.
Meeting the Challenge:
The Need for a Sustainable and Affordable Workforce
Factors Driving the Gap: 
Size and Cost of Workforce

- In Hartford, as with most local governments, employee salaries and benefits comprise a significant share of General Fund spending.
- Despite personnel reductions in recent years, the City of Hartford has the highest salary and cash compensation spending per capita among the selected benchmark cities.

<table>
<thead>
<tr>
<th>City</th>
<th>FY 2017 Budgeted General Fund Salary and Cash Compensation Per Capita</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hartford, CT</td>
<td>$962</td>
</tr>
<tr>
<td>Albany, NY</td>
<td>$890</td>
</tr>
<tr>
<td>Bridgeport, CT</td>
<td>$825</td>
</tr>
<tr>
<td>New Haven, CT</td>
<td>$770</td>
</tr>
<tr>
<td>Waterbury, CT</td>
<td>$606</td>
</tr>
<tr>
<td>Manchester, NH</td>
<td>$605</td>
</tr>
<tr>
<td>Chattanooga, TN</td>
<td>$445</td>
</tr>
</tbody>
</table>

Note: Personnel Expenditures includes General Fund salaries and cash compensation (overtime, longevity, etc.)
Factors Driving the Gap: Cost of Workforce

- Between FY 2013 and FY 2016, personnel costs increased by 5.3 percent -- compared to inflationary growth of just 1.4 percent
- Personnel costs also outpaced City revenue, which declined by 2.6 percent
- Pension and health care costs drove overall personnel expenditure growth

Factors Driving the Gap: Size of Workforce

- While cost increased, actual (as opposed to budgeted) public safety and non-public safety headcounts were reduced nearly every year from FY 2010 to FY 2016.
- The City’s FY 2017 and FY 2018 budgets included funding for additional public safety FTEs.

Cumulative FTE Change (%), FY 2010-2016

Source: Department of Human Resources
Factors Driving the Gap: 
*Increasing Pension Costs*

- Hartford’s pension system – the Municipal Employees’ Retirement Fund (MERF) – provides pension benefits for retirees
  - 2,370 active members
  - 2,966 pensioners
  - 173 terminated employees entitled to benefits but not yet receiving

- From FY 2013 to FY 2016, Hartford’s annual pension costs increased by 33 percent from $34 million to $44 million

- Obligations of the plan members, employers and other entities are established by action of the City pursuant to applicable CBAs and employment agreements

*Source: 2016 CAFR*
Factors Driving the Gap: Increasing Pension Costs

- Due in large part to the low employee to retiree ratio, as well as to the City’s benefit structure, the City’s ARC as a percentage of regular payroll has increased to 29 percent since FY 2013.

- Hartford’s ARC as a percentage of covered payroll is over twice the amount of the national average (13.8 percent).

Source: 2013-2016 CAFRS, Hartford Department of Finance, Public Plans Database (FY15)
Factors Driving the Gap: 
*Increasing Pension Costs*

- Hartford has fewer active employees paying into its pension system than retirees who receive payments.
- With less than a 1:1 ratio between active members and retired members, it will become increasingly difficult for the City to sustain its pension system.
- When compared to other Connecticut cities, Hartford’s ratio of active members per annuitant is below the median among the group and just over half the national average for state and local pensions (1.44).

<table>
<thead>
<tr>
<th>City</th>
<th>Active</th>
<th>Annuitants</th>
<th>Actives Per Annuitant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hartford, CT</td>
<td>2,370</td>
<td>3,139</td>
<td>0.76</td>
</tr>
<tr>
<td>Providence, RI</td>
<td>3,012</td>
<td>3,526</td>
<td>0.85</td>
</tr>
<tr>
<td>New Haven, CT</td>
<td>1,373</td>
<td>1,898</td>
<td>0.72</td>
</tr>
<tr>
<td>Waterbury, CT</td>
<td>1,693</td>
<td>2,341</td>
<td>0.72</td>
</tr>
<tr>
<td>Manchester, NH</td>
<td>1,200</td>
<td>855</td>
<td>1.40</td>
</tr>
<tr>
<td>Chattanooga, TN</td>
<td>1,385</td>
<td>1,187</td>
<td>1.17</td>
</tr>
<tr>
<td>Median (excl. Hartford):</td>
<td>1,385</td>
<td>1,898</td>
<td>0.85</td>
</tr>
<tr>
<td>Variance from Median:</td>
<td>71.1%</td>
<td>65.4%</td>
<td>-10.6%</td>
</tr>
<tr>
<td>Rank:</td>
<td>2 of 6</td>
<td>2 of 6</td>
<td>4 of 6</td>
</tr>
</tbody>
</table>

Source: Manchester, NH (2015 CAFR); 2016 CAFRs (all other cities); Manchester, NH plan information does not include police and fire retirees hired since 1974, who are in the state plan; New Haven figures representative of City and public safety; Bridgeport, CT switched to the State of Connecticut CMERS Plan in FY2013. Public Plans Database (FY2015) [http://www.publicfundsurvey.org/](http://www.publicfundsurvey.org/)
Factors Driving the Gap: Increasing Pension Costs

- Among the selected Connecticut benchmarks, Hartford’s employee contribution rate for police is near the midpoint.
- In 2017, Hartford reached an agreement with its firefighters to increase employee pension contributions from 8 percent to 11 percent.

<table>
<thead>
<tr>
<th></th>
<th>Police</th>
<th>Fire</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Eligibility</td>
<td>Employee Contribution</td>
</tr>
<tr>
<td>Hartford, CT</td>
<td>Age 55 with 25 YOS</td>
<td>9.5%</td>
</tr>
<tr>
<td></td>
<td>Age 55 with 5 YOS or 15 active YOS regardless of age; 25 YOS regardless of age</td>
<td>Not in SS: 5.0%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>In SS: 2.25% (up to SSBW) + 5.0% (in excess of SSBW)</td>
</tr>
<tr>
<td>Bridgeport, CT</td>
<td>25 YOS with any age</td>
<td>12.0%</td>
</tr>
<tr>
<td>New Haven, CT</td>
<td>25 YOS with any age</td>
<td>9.25%</td>
</tr>
<tr>
<td>Waterbury, CT</td>
<td>25 YOS with any age</td>
<td></td>
</tr>
</tbody>
</table>

Source: Municipal AVR, CAFR, and Collective Bargaining Agreements
Municipal Employees’ Retirement Fund (MERF) Risks

- MERF’s relatively high earnings assumption (7.75 percent) creates investment risk, with the potential for increases in liability and required contributions.

- MERF is amortized using a level dollar, amortization schedule (closed). To meet this expectation, it will require strong, consistent revenues. Flat or decreasing revenues increase burden.

- MERF uses mortality tables from 2000.

- Many overtime rates are pensionable and have steadily increased.
  - For example, from FY 2013 to FY 2016, typical overtime pay (1.5x) increased from $4.2 million to $8.7 million – pressuring not only annual budgets, but long-term pension funding and future contribution requirements.

Source: 2016 CAFR
Factors Driving the Gap: 
*Increasing OPEB Costs*

- Hartford’s Other Post Employment Benefits (OPEB) provide health and other benefits (life insurance) to eligible retirees and their spouses
  - 1,551 active members
  - 1,301 retirees
- Hartford presently has over 40 different health plans
- The City carries this many plans as a result of City policies that guaranteed access to the same level of coverage an employee had on day they retired for the duration of their retirement

Source: 2016 CAFR
In recent years, Hartford has paid for OPEB costs on a PAYGO (pay as you go) basis. In FY 2016, Hartford contributed $9.3 million above its PAYGO level due to a one-time commitment.

From FY 2013 to FY 2016 – less the $9.3 million one-time payment – the City’s spending on OPEB increased by nearly 125 percent.

Factors Driving the Gap:

*Increasing OPEB Costs*

Source: 2016 CAFR
Factors Driving the Gap: Increasing OPEB Costs

• The majority of Hartford’s retirees are enrolled in individual plans, but the City does allow for dependent coverage and for some Medicare eligible employees to continue to receive health benefits from the City.

• The City has three groups to isolate legacy costs from ongoing employees:
  – Pre- 6/30/2009 retirees remain pay-as-you-go with no amortization of prior service cost.
  – Pre- 7/1/2009 hires and retirees since then, the City provides funding of normal cost, including an accrual for future benefits, but no amortization of prior service cost.
  – New hires since 7/1/2009, both current and future benefits are paid and actuarially funded.

FY 2018 Retiree Medical/RX Benefits Enrollees

<table>
<thead>
<tr>
<th></th>
<th>Individual Plan</th>
<th>Individual +1</th>
<th>Family Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre-65 Retirees</td>
<td>310</td>
<td>214</td>
<td>134</td>
</tr>
<tr>
<td>Post-65 Retirees</td>
<td>692</td>
<td>42</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>1,002</td>
<td>256</td>
<td>134</td>
</tr>
</tbody>
</table>

Notes: Does not include dental
Source: City of Hartford Human Resources Department
Factors Driving the Gap: Increasing OPEB Costs

• The City subsidizes spousal and dependent coverage for most retirees, though recent hires are not eligible for such benefits upon retirement:
  – CHPEA, HMEA, Library, Local 1716 retirees receive stipend from age 55-62 and subsidized coverage from 62-65
  – Non-Union retirees pay 100 percent of cost of coverage
  – Police retirees
    • Receive $500 per month until age 65 under the pre 7/1/2012 plan
    • Post 7/1/2012, retirees pay at the active rate minus the employee’s health insurance contribution
    • Post 2010-2016 agreement retirees are not allowed to purchase or otherwise remain on City’s plan once reaching age 65

Source: 2016 CAFR
Factors Driving the Gap: 
*Increasing OPEB Costs*

- Fire retirees
  - Percent of active premium rate fixed at retirement for retiree and spouse; extra charge for family coverage
  - New hires cannot purchase or stay on the City’s health insurance
- EMBERS participants receive free coverage
  - Employees hired after 7/1/2013 are not eligible for program

- Although recent City efforts to ensure long-term sustainability of OPEB benefits have revised retirement eligibility and coverage levels, the majority of Police and Fire retirees in the immediate future will be eligible for City subsidy of family coverage

*Source: 2016 CAFR*
Factors Driving the Gap: Recent Workforce Cost Reductions

• The City of Hartford introduced changes in recent collective bargaining agreements to address affordability and sustainability related to active and retiree compensation and benefits

• Fire Contract (2017): Following interest arbitration, the City and its Fire union agreed to a series of changes that set a floor for bargaining unit concessions

  Wages:
  – No general wage increases from FY 2016 – FY 2020
  – Maximum step decreased by 10 percent for new hires
  – No college incentive pay

  Health Care:
  – Employee contributions toward medical and dental coverage to increase from 16 percent to 18 percent (FY 2017 – FY 2020)
  – Eliminated the 25 percent cap on premium increases
  – Transitioning to a HDHP with HSA

Source: Hartford Fire Fighters Association Tentative Agreement
Factors Driving the Gap:  
Recent Workforce Cost Reduction  

Fire Contract (2017)  
• Pension:  
  – Employee contribution toward pensions increased from 8 percent to 11 percent of total wages  
  – Increased the eligibility for normal retirement to 25 YOS for current employees with less than 10 YOS  
  – The pension benefit formula multiplier for new hires will be decreased from 2.5-3 percent to 2 percent  
  – Maximum benefit reduced from 80 percent to 70 percent for new hires  
• Other Non-Cash:  
  – No sick leave exchange for new hires  
  – Sick leave will be capped at 80 days for new hires, and there will be no payout of accumulated sick leave upon separation, including retirement  
• OPEB:  
  – New hires cannot purchase or remain on the City’s health insurance upon retirement  

Source: Hartford Fire Fighters Association Tentative Agreement
Factors Driving the Gap: Collective Bargaining Agreements/Awards

- Hartford cannot unilaterally implement many significant changes to the cost of its workforce. It requires collective bargaining and agreement by its bargaining units.
- The City is currently in negotiation/arbitration with many of its bargaining units.
- Connecticut General Statues forbid regressive bargaining proposals and require selection of last best offer of one party or the other (Articles 7-470 & 7-473).

<table>
<thead>
<tr>
<th>Union</th>
<th>Current Contract Effective Date</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hartford Municipal Employee’s Association</td>
<td>7/1/13 – 6/30/17</td>
<td>Binding arbitration award Effective 5/19/17</td>
</tr>
<tr>
<td>Hartford Fire Fighters Association</td>
<td>7/1/16 – 6/30/20</td>
<td>Ratified</td>
</tr>
<tr>
<td>Local 1716</td>
<td>7/1/11 – 6/30/15</td>
<td>Tentative agreement voted down by Union</td>
</tr>
<tr>
<td>Municipal Lawyer’s Association</td>
<td>7/1/11 – 6/30/15</td>
<td>In negotiations, closed to new proposals</td>
</tr>
<tr>
<td>Hartford Police Union</td>
<td>7/1/10 – 6/30/16</td>
<td>In interest arbitration</td>
</tr>
<tr>
<td>School Crossing Guard’s Association</td>
<td>7/1/11 – 6/30/15</td>
<td>In negotiations, closed for submitting new proposals</td>
</tr>
<tr>
<td>City of Harford Professional Employees Association</td>
<td>7/1/12 – 6/30/16</td>
<td>In negotiations, closed for submitting new proposals</td>
</tr>
</tbody>
</table>

Source: Hartford Department of Human Resources
Expenditure Initiatives: *Implement Citywide Wage Freeze*

- With the City’s budget gap growing to $83.3 million by FY 2023, Hartford cannot afford annual wage increases for its personnel.

- Hartford and its municipal labor organizations need to re-open bargaining agreements to include wage freezes across all personnel, in all bargaining units, until such time as the City achieves fiscal sustainability.

- The wage freeze needs to be in place for the entirety of the FY 2018 – FY 2022.
Expenditure Initiatives: Reduce the Cost of Active Health Care Coverage

- The majority of Hartford’s workforce is unionized, meaning that employee benefits are determined during negotiations.

- Hartford should re-open contracts and pursue increased premium cost sharing with employees as well as changes to plan design.

- Currently, Hartford Police and Fire employees pay a smaller percentage of premium costs than peers in other jurisdictions.

- The City should pursue options to reduce its health care costs:
  - Increase the employee share of premium to at least 30 percent (in conjunction with plan design reforms).
  - Move all employees to a high-deductible plan.
  - Conduct a dependent eligibility audit.
Expenditure Initiatives: 
Reduce the Cost of Active Health Care Coverage

Increase Employee Share of Health Premium Costs to Minimum of 30%

• At a minimum, the City should pursue a 70 percent to 30 percent cost share with its employees – a cost share model that is competitive with other public employers

• The City would maintain its competitiveness in the New England region, and nationally, even with increases to the percent of premium paid by employees

• The revised cost share would be coupled with necessary changes to plan design structure to ensure the City’s offerings are sufficiently affordable and compliant with requirements

<table>
<thead>
<tr>
<th></th>
<th>Police Employee Share</th>
<th>Fire Employee Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hartford, CT</td>
<td>14%</td>
<td>16%</td>
</tr>
<tr>
<td>Waterbury, CT</td>
<td>12% - 23%</td>
<td>19%</td>
</tr>
<tr>
<td>New Haven, CT</td>
<td>15% - 28%</td>
<td>14.5%</td>
</tr>
<tr>
<td>Manchester, NH</td>
<td>20%</td>
<td>20%</td>
</tr>
<tr>
<td>Chattanooga, TN</td>
<td>20%</td>
<td>20%</td>
</tr>
</tbody>
</table>

• The State of New Jersey, Miami, FL and Memphis, TN have recently utilized at least 70-30 percent cost shares

Source: Hartford, CT Department of Human Resources, municipal human resource departments
Move All Active Employees to High Deductible Health Plans (HDHPs)

- In addition to revising cost-sharing models, many cities are also incentivizing employees to choose HDHPs to contain healthcare cost growth.
- Nationally, 19 percent of those reporting health plan changes shifted employees to a high-deductible plan with a health savings account.
- In recent years, cities like New Haven, Waterbury, and Cranston, RI began offering HDHP/HSA plans with buy-up options for PPO plans. Waterbury, CT is in the process of transitioning all employees to HDHPs.
- Nationally, HDHPs cost employers approximately $1,000 (18 percent) less for individuals and $1,500 (12 percent) less for families than traditional plans.

Sources: Hartford Department of Human Resources, Municipal Human Resource Departments, Center of State & Local Government Excellence “Local Government Strategies to Address Rising Health Care Costs”
Expenditure Initiatives:  
*Conduct Dependent Eligibility Audit*

- To continue to manage healthcare cost growth, the City should conduct a benefit audit, which will allow the City to remove non-qualified participants from plans.

- In July 2016, the City’s Internal Audit Department conducted an audit reviewing Hartford Public Schools’ (HPS) Office of Talent Management and Labor Relations Healthcare Eligibility (Audit Report 1701) and recommended a dependent eligibility audit.

- The City and HPS should collaborate on a joint dependent eligibility audit to ensure coverage is provided only to qualifying employees and dependents.
Expenditure Initiatives:  
Conduct Dependent Eligibility Audit

- The City should discuss the scope and depth of its dependent eligibility audit with its health care consultant. This will result in a more precise estimate of cost
  - Additionally, the City may find it useful to perform a comprehensive Pharmacy Claims Audit and Medicare Part D Recovery Audit as well as a pharmaceutical formulary review. The City should work with its health care consultant to determine the cost-benefit of such studies to ensure sufficient fiscal benefit exists

- Other jurisdictions that have performed these audits have produced recurring savings. Hartford may find it prudent to perform all three audits at the same time

- Dependent audits have become an increasingly common practice by large private employers and have become a popular strategy to reduce health care costs for local and state governments as well
  - In recent years, cities like Waterbury, CT; Norwich, CT; Milford, CT; Durham, NC; New York, NY; Providence, RI; and Boston, MA have conducted dependent eligibility audits

Source: City of Hartford, Human Resources Department
Expenditure Initiatives:
Restructure Pension Benefits

• The City has recognized the need to reduce its pension costs and achieved reforms in its most recent agreement with its fire bargaining unit. The agreement called for revisions to employee contributions, age and years of service for normal retirement, the multiplier, and maximum benefit level.

• Hartford is not alone in pursuing pension reforms. Regionally and nationally, many cities have made significant changes to pension plan benefit design.

• In order to reduce the City’s growing pension contributions and help the City attain short- and long-term fiscal sustainability, the City should work with its bargaining units to re-open contracts and revise pension benefits (e.g. years of service, age requirements, and multipliers) for new employees and those who are not yet vested.
Expenditure Initiatives: Restructure Pension Benefits

- Nationally, other employers have sought to set employee contributions to half the normal cost of benefits
- Increased employee contributions could be combined with a shortened amortization period to produce savings while improving the health of the pension fund at a faster pace
- Hartford should re-open contracts and pursue arbitration awards providing for employees to contribute a higher percentage of salary to pension benefits
Expenditure Initiatives: 
*Freeze DB Plan and Convert to DC Plan*

- To balance public and employee interests, the City should close the Defined Benefit (DB) plan to new members and non-vested employees and shift to a Defined Contribution (DC) plan

- This action does not address the existing accumulated pension liability, but can reduce the City’s investment risk and the potential for further unfunded liability

- New hires and non-vested employees would not receive a defined benefit pension at retirement
  - Non-vested employees could elect to use their pension contributions as “seed” money for participation in a DC plan
  - The City should honor those benefits accrued by employees at the present value
  - Vested employees’ pension benefits earned to date would remain and be paid based on the current system of accrued benefits

Note: Closing a plan often entails changing the amortization schedule. Hartford, like many plans, assumes an amortization that increases in the future along with assumed payroll increases (level percent of payroll). Once a plan is closed to new members, the pensionable payroll would be less likely to increase, and if the plan is closed to all future service, there would technically be no pensionable payroll. Therefore, an amortization with a constant payment (level dollar) may be more appropriate as a reflection of resources available to the plan. However, a level dollar amortization increases contributions in initial years compared to the escalating level percent of salary – something that may be untenable for Hartford’s current fiscal state. An Actuary should estimated the impact of a revised schedule. Ultimately, the amortization schedule is a policy choice.
Expenditure Initiatives: *Freeze DB Plan and Convert to DC Plan*

- 55 municipalities in Connecticut offer defined contribution plans
- Voters in the City of San Diego recently passed a proposition to move new hires into a defined contribution plan and cap how benefits are calculated for current employees
- Washington, DC civilians hired since 1987 participate in a DC plan as their primary retirement program, with a 5.0 percent of pay employer contribution (5.5 percent for Corrections Officers)
Expenditure Initiatives: Freeze DB Plan and Convert to DC Plan

• Since January 1, 1987, the U.S. government program for federal retirees has used a hybrid model, with benefits under the Federal Employees Retirement System (FERS) accruing from three sources:
  – A Basic Benefit Plan, under a traditional DB structure with an employee contribution. For eligible Firefighters and Law Enforcement Officers, Capitol Police, and Supreme Court Police, this provides 1.7 percent of the highest average 3 consecutive years salary multiplied by years of service up to 20, plus 1 percent of highest average 3 consecutive years, multiplied by years of service in excess of 20
  – A Thrift Savings Plan, using a DC approach. Employer agencies deposit an amount equal to 1 percent of an employee’s earned pay in the worker’s Thrift Savings Account, and the employee may make additional tax-deferred contributions matched by the employee’s agency dollar for dollar on the first 3 percent, and $0.50 for every dollar for next 2 percent
  – Social Security
## Expenditure Initiatives: Sustainable, Affordable Retiree Benefits – Pensions

### Municipal Reforms

<table>
<thead>
<tr>
<th>City</th>
<th>Challenge</th>
<th>Year of Reform Effort</th>
<th>Increase in Funding</th>
<th>Change to Employee Contributions</th>
<th>Change to COLA Benefits</th>
<th>Change to Benefit Structure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Atlanta, GA</td>
<td>$1.5B in pension debt</td>
<td>2011</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td>✓</td>
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<tr>
<td>Baltimore, MD</td>
<td>Employees' Retirement System had $686M in pension debt</td>
<td>2014</td>
<td>✓</td>
<td></td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Chicago, IL*</td>
<td>$20B in pension debt</td>
<td>2014</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Cincinnati, OH**</td>
<td>$862M in pension debt</td>
<td>2014</td>
<td>✓</td>
<td></td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Jacksonville, FL</td>
<td>Police and Fire Fund had $1.65B in pension debt</td>
<td>2015</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Lexington, KY</td>
<td>Police and Fire Pension Fund had $296M in pension debt</td>
<td>2013</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Memphis, TN</td>
<td>$551M in pension debt</td>
<td>2014</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(For details, see Appendix)
Expenditure Initiatives: Examples of Pension Sustainability Initiatives

*Baltimore, MD*

- Increased age of retirement to 55 with 15 years of completed service, increased employee contributions from 6 to 10 percent (from FY 2011 to FY 2014)
- Created voluntary hybrid DB-DC plan: 5 percent DB, 3 percent DC
- Reduced Medicare supplement plan options from 5 to 2
- Implemented a deductible for those over 65: $100 annual pharmacy deductible
- Savings: $850 million in savings (a 26 percent reduction in overall pension and retiree health care long-term unfunded liabilities) over a 2 year period
Expenditure Initiatives: Examples of Pension Sustainability Initiatives

Providence, RI

- Eliminated high-end of COLAs
- COLA suspension
- Limited future COLAs
- Pensions capped
- Reformed pension calculation
- Savings: approximately $18 million saved annually
Expenditure Initiatives: Examples of Pension Sustainability Initiatives

Connecticut
- Increased retirement age from 60 to 63 with 25 years of service
- Increased the benefit reduction for early retirement, from 3 percent to 6 percent for each year
- Reduced the minimum annual COLA from 2.5 percent to 2.0
- Created “hybrid” retirement plan for higher education employees (employee contributions 3 percent higher than other plan members)
- Created “cash out option” - a refund of the EEs own contributions plus an additional 5 percent employer match and 4 percent interest
- Increased the age needed from 55 to 58, with 10 YOS
- Increased the retirement age to 50 and the YOS needed to retire to 20
- Increased the vesting period, from 5 years to 10 years
Expenditure Initiatives: 
Examples of Pension Sustainability Initiatives

Rhode Island

- Created a new hybrid plan requiring employees to participate in a plan with both a DB and a DC component
- State employees and teachers contribute 3.75 percent of salary to the DB plan and 5 percent to the DC plan
- Revoked 3.0 percent automatic COLA in lieu of a risk-based COLA. The COLA formula is 50 percent of the 5-year smoothed investment return less 5.5 percent, with a floor of zero and a 4.0 percent cap; and 50 percent of the previous year’s rate of inflation with a maximum increase of 3.0 percent, for a total maximum increase of 3.5 percent
- Delayed the onset of COLA until Social Security
- Suspended COLA payments until plan funding level reaches 80 percent
- Savings: $2.77 billion in FY 2011 (decreased unfunded accrued liability by 40 percent and a 2.86 percent decrease in the cost of benefits for teachers)
Expenditure Initiatives: Restructure Pension

- Absent a thorough actuarial analysis of recommended pension initiatives, only broad approaches are provided to achieve the fiscal goal of reducing the ARC.

- Hartford should pursue a series of pension reform initiatives to achieve at least $5 million in annual recurring savings. The City should work with its actuary to fully develop a menu of options and engage its bargaining units in negotiations to identify the best approach to achieve required cost savings.

- The City should continue to mitigate pension costs/liabilities by:
  - Increasing years of service and age requirements for retirement
  - Increasing employee contributions to pensions
  - Freezing DB plan and converting to a DC plan (may increase cost in several fiscal years before cost savings are realized)
Expenditure Initiatives: Restructure OPEB

• Hartford has paid for OPEB costs on a PAYGO (pay as you go) basis. In FY 2016, Hartford contributed $9.3 million above its PAYGO level.

• From FY 2013 to FY 2016—less the $9.3 million one-time payment—the City’s PAYGO OPEB costs increased by nearly 125 percent.

• Hartford should pursue a series of OPEB reforms to achieve at least $5 million in annual recurring savings (reduction to PAYGO amount). The City should work with its actuary to fully develop the cost savings associated with the initiative options described on the following pages.

Source: City of Hartford Human Resources Department
Expenditure Initiatives: 
Restructure OPEB

• The City should continue to mitigate OPEB costs/liabilities by:
  – Implementing a “freeze ordinance” for OPEB and retiree health benefits
  – Ending retiree health benefits for new hires, and capping health benefits for retirees
  – Performing a Medicare Part D audit
  – Monitoring the amount of prescription drugs retirees are eligible to receive
  – Add an annual $100 pharmacy deductible for retirees over 65 years

• Other Connecticut local governments in the region have taken actions to restructure OPEB benefits
Expenditure Initiatives: 
Examples of OPEB Sustainability Initiatives

Waterbury, CT

- Changes: Implemented a Medicare enrollment initiative, requiring all eligible covered retirees and spouses to enroll
- Savings: $10.7 million net annualized savings in first year when Medicare became primary coverage of City’s over-65 retirees

South Windsor, CT

- Changes: No longer provides health benefits for retirees. Retirees can purchase health plan through town; also moved to a high deductible health plan for employees and merged health plans with the town’s board of education.
- Savings: $2 million per year
Expenditure Initiatives: Examples of OPEB Sustainability Initiatives

Norwalk, CT

- Changes: Eliminated retiree healthcare benefits for new employees starting in 2013, the City instead offers $600 health care vouchers for retirees under 65 and $300 when retirees reach age 65

Danbury, CT

- Changes: City of Danbury eliminated retiree health care for new hires (does not include police and firefighters)
Expenditure Initiatives:  
*End Spouse and Family OPEB Subsidies*

- Over 25 percent of retirees enrolled in City health plans for FY 2018 are enrolled in plans that cover one or more dependents.
- To confront these challenges, the City should stop paying for family medical OPEB coverage.
  - To help employees plan for retirement, the City could offer savings accounts for retiree health care.
  - Upon fiscal stability, the City could contribute modest contributions to such “pre-funding” accounts.
Expenditure Initiatives: Limit City Exposure through OPEB Freeze

• Implement a “freeze ordinance” for OPEB and retiree health benefits
  – The City’s Annual OPEB Cost (AOC), was $24.3 million in FY 2016, the City’s actual contribution was $33.6 million (138.1 percent of AOC)
  • In FY 2014 and FY 2015 the City contributed $11.6 million (57.8 percent of AOC) and $12.9 million (61.5 percent of AOC), respectively
  – The City should temporarily “freeze” OPEB contributions at current levels -- until the City’s financial standing improves. Upon achieving fiscal sustainability, the City should cap its annual OPEB contribution increase at 3 percent
  – Estimates assume immediate freeze in FY 2018 and a new 30 percent cost share for all retirees (consistent with active cost share increase)
  – Alternatively, the City could present employees with an option to contribute 10 percent more for post-employment health costs or accept a plan with a monthly cap
Expenditure Initiatives: End Retiree Health Benefits for New Hires, Cap for Retirees

Nationally, several cities have eliminated OPEB coverage for new hires and capped benefits for active employees based on years of service, age, or a combination of both

• For instance, San Antonio, TX implemented a series of reforms for newly hired, non-uniformed employees (on or after October 1, 2007) around the requirements for participating in the City’s retiree health plans. The City required more years of service to attain qualification and subsidy tiers

• Asheville, NC eliminated retiree health coverage for all employees (including public safety) hired after July 1, 2012. Employees hired before the date are eligible for some retiree health benefits depending on years of service

Sources: San Antonio Finance Department, Austin 2016 Retiree Guide, Memphis, TN Finance Department (FY15 Adopted Opeb), Asheville, NC Finance Department
Expenditure Initiatives:
*Move to 10 Paid Holidays Per Year*

- The City currently provides 12 paid holidays per year
- Other cities and the Federal government provide fewer paid holidays:
  - The Federal government offers 10 holidays to its employees
  - Nationally, local government workers are offered an average of 11 paid holidays per year
  - Private sector workers receive a median of 8 paid holidays per year
  - New Haven, CT provides 11 days for fire fighters

Meeting the Challenge:
Right-Sizing Public Safety
Factors Driving the Gap:  
*Public Safety as Share of Workforce*

• After reaching a headcount of 1,484 in FY 2012, the City’s headcount decreased by 11.9 percent (176 positions)

• Public Safety FTEs comprise the vast majority of non-education General Fund budgeted FTEs. While public safety staffing declined in recent years, it declined at a slower rate than non-Public Safety city employment, having the effect of “crowding out” some other government services

• In FY 2017, budgeted public safety positions comprised 70 percent of the City’s non-schools budgeted General Fund workforce. In FY 2012, public safety positions comprised 64 percent of the City’s workforce

• From FY 2012 to FY 2017, non-public safety positions decreased by 25.7 percent (139 positions) and public safety positions decreased by 4.1 percent (40 positions)
Factors Driving the Gap: 
Public Safety as Share of Workforce

- In recent years, actual (as opposed to budgeted) public safety and non-public safety headcounts were reduced nearly every year.
- The City’s FY 2017 and FY 2018 budget included funding for additional public safety FTEs.

<table>
<thead>
<tr>
<th>Year</th>
<th>Fire Change</th>
<th>Police Change</th>
<th>Non-Public Safety Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2010</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY 2011</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY 2012</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY 2013</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY 2014</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY 2015</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY 2016</td>
<td>-15.9%</td>
<td>-12.0%</td>
<td>-10.0%</td>
</tr>
</tbody>
</table>

Source: Department of Human Resources
Factors Driving the Gap:  
*Public Safety as Share of Workforce*

- While Hartford’s non-public safety FTEs per capita is within ten percent of the median among benchmarks, the number of public safety FTEs per capita is nearly twenty percent higher than the median and the second highest of eight cities reviewed.

<table>
<thead>
<tr>
<th>Staffing Ratios</th>
<th>Population</th>
<th>per 1,000 Capita</th>
<th>Per 1,000 Capita</th>
<th>1,000 Capita</th>
</tr>
</thead>
<tbody>
<tr>
<td>Albany, NY</td>
<td>98,452</td>
<td>7.26</td>
<td>7.25</td>
<td>14.51</td>
</tr>
<tr>
<td>Hartford, CT</td>
<td>124,014</td>
<td>6.60</td>
<td>4.93</td>
<td>11.52</td>
</tr>
<tr>
<td>New Haven, CT</td>
<td>130,310</td>
<td>6.49</td>
<td>5.77</td>
<td>12.26</td>
</tr>
<tr>
<td>Providence, RI</td>
<td>179,204</td>
<td>5.69</td>
<td>4.06</td>
<td>9.74</td>
</tr>
<tr>
<td>Chattanooga, TN</td>
<td>176,597</td>
<td>5.57</td>
<td>7.26</td>
<td>12.83</td>
</tr>
<tr>
<td>Waterbury, CT</td>
<td>108,807</td>
<td>5.22</td>
<td>4.45</td>
<td>9.67</td>
</tr>
<tr>
<td>Bridgeport, CT</td>
<td>147,619</td>
<td>4.77</td>
<td>3.96</td>
<td>8.73</td>
</tr>
<tr>
<td>Manchester, NH</td>
<td>110,223</td>
<td>4.49</td>
<td>3.11</td>
<td>7.60</td>
</tr>
<tr>
<td>Median Excl. Hartford</td>
<td>130,310</td>
<td>5.57</td>
<td>4.45</td>
<td>9.74</td>
</tr>
<tr>
<td>Rank</td>
<td>5 of 8</td>
<td>2 of 8</td>
<td>4 of 8</td>
<td>4 of 8</td>
</tr>
</tbody>
</table>

Note: Emergency Communications employees are excluded from public safety figures because not every City handles emergency communications in the same manner.

Sources: 2015 ACS 1-year population estimates, 2015 FBI UCR data, 2016 CAFRs. Manchester, NH data per 2015 CAFR – most recently available information. Enterprise Fund FTEs and Education FTEs have been removed from totals in applicable municipalities.
Factors Driving the Gap: High Per Capita Costs for Police & Fire

- Compared to benchmark cities, Hartford spends the most per capita on Fire services – 66 percent more than Waterbury, 56 percent more than Bridgeport, and 22 percent more than New Haven.
- Similarly, Hartford spends the most on police services per capita – nearly 50 percent more than Waterbury and almost 25 percent more than New Haven.

<table>
<thead>
<tr>
<th></th>
<th>Total FY 2016 Budget</th>
<th>Total FY 2016 Personnel Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Per Capita</td>
<td>Per FTE</td>
</tr>
<tr>
<td></td>
<td>Police</td>
<td>Fire</td>
</tr>
<tr>
<td>Hartford, CT</td>
<td>$357</td>
<td>$281</td>
</tr>
<tr>
<td>Bridgeport, CT</td>
<td>$317</td>
<td>$180</td>
</tr>
<tr>
<td>Providence, RI*</td>
<td>$220</td>
<td>$235</td>
</tr>
<tr>
<td>Manchester, NH</td>
<td>$199</td>
<td>$178</td>
</tr>
<tr>
<td>Waterbury, CT</td>
<td>$242</td>
<td>$169</td>
</tr>
<tr>
<td>New Haven, CT*</td>
<td>$290</td>
<td>$230</td>
</tr>
<tr>
<td>Albany, NY*</td>
<td>$349</td>
<td>$204</td>
</tr>
<tr>
<td>Chattanooga, TN</td>
<td>$237</td>
<td>$130</td>
</tr>
<tr>
<td>Median Excl. Hartford</td>
<td>$242</td>
<td>$180</td>
</tr>
<tr>
<td>Rank</td>
<td>1 of 8</td>
<td>1 of 8</td>
</tr>
</tbody>
</table>

Source: Adopted FY16 and FY17 budgeted personnel/department costs. Benefits, capital outlay & pension payments are excluded from comparison.

*Department provides primary EMS services.
Factors Driving the Gap: High Overtime Costs in Police and Fire

- In FY 2016, the City spent $14.6 million on overtime -- $7.5 million (51 percent) was spent on HPD overtime and $3.9 million (34 percent) was spent on HFD overtime
  - The City’s FY 2017 adopted budget contained $12.7 million in overtime -- $5.5 million in police overtime and $5.7 million in fire overtime
  - Much of HFD overtime is related to the contractual minimum staffing level requiring 68 fire suppression staff per shift
- Compared to benchmark cities, Hartford spends among the most on annual overtime costs per police officer and per uniform firefighter
  - Police: More than 2.5x greater than New Haven and Waterbury
  - Fire: 165 percent more than New Haven and 48 percent more than Waterbury

<table>
<thead>
<tr>
<th></th>
<th>Police FY16 Overtime Spending per Sworn Officer</th>
<th>Fire FY16 Overtime Spending per Uniformed Officer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bridgeport, CT</td>
<td>$28,199</td>
<td>$20,060</td>
</tr>
<tr>
<td><strong>Hartford, CT</strong></td>
<td><strong>$18,116</strong></td>
<td><strong>$13,926</strong></td>
</tr>
<tr>
<td>Albany, NY</td>
<td>$12,929</td>
<td>$7,316</td>
</tr>
<tr>
<td>New Haven, CT</td>
<td>$7,112</td>
<td>$5,250</td>
</tr>
<tr>
<td>Waterbury, CT</td>
<td>$7,117</td>
<td>$9,420</td>
</tr>
<tr>
<td>Manchester, NH</td>
<td>$4,520</td>
<td>$5,297</td>
</tr>
<tr>
<td>Providence, RI</td>
<td>$5,929</td>
<td>$20,879</td>
</tr>
<tr>
<td>Chattanooga, TN</td>
<td>$1,097</td>
<td>$70</td>
</tr>
<tr>
<td>Median Excl. Hartford</td>
<td>$7,115</td>
<td>$8,368</td>
</tr>
<tr>
<td>Rank</td>
<td>2 of 8</td>
<td>3 of 8</td>
</tr>
</tbody>
</table>

Note: Providence Fire OT driven by $9.2M in callback pay related to shift change that is no longer in place; Albany data uses FY2015 actual OT expenditure total and FY2016 adopted budget FTE data.
Sources: FY2016 Budgets, FY2017 Budgets, FY2016 CAFRs
Factors Driving the Gap: High Overtime Costs in Police and Fire

- Hartford is well above its peer group in budgeted overtime at more than $5 million in annual budget overtime for both Police and Fire Departments
- Hartford has nearly 4x the median budgeted overtime per employee for fire and more than 2x the median for police

<table>
<thead>
<tr>
<th>City</th>
<th>Police</th>
<th>Fire</th>
<th>Police As %</th>
<th>Fire As %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hartford, CT</td>
<td>$10,637</td>
<td>$15,849</td>
<td>13.3%</td>
<td>16.2%</td>
</tr>
<tr>
<td>Bridgeport, CT</td>
<td>$11,712</td>
<td>$12,548</td>
<td>11.9%</td>
<td>13.1%</td>
</tr>
<tr>
<td>New Haven, CT</td>
<td>$5,466</td>
<td>$5,107</td>
<td>8.8%</td>
<td>6.8%</td>
</tr>
<tr>
<td>Waterbury, CT</td>
<td>$4,696</td>
<td>$4,314</td>
<td>7.4%</td>
<td>6.4%</td>
</tr>
<tr>
<td>Manchester, NH</td>
<td>$3,799</td>
<td>$4,493</td>
<td>4.7%</td>
<td>5.9%</td>
</tr>
<tr>
<td>Albany, NY</td>
<td>$8,710</td>
<td>$1,632</td>
<td>13.4%</td>
<td>2.5%</td>
</tr>
<tr>
<td>Providence, RI</td>
<td>$2,575</td>
<td>$1,169</td>
<td>3.7%</td>
<td>1.7%</td>
</tr>
<tr>
<td>Chattanooga, TN</td>
<td>$790</td>
<td>$34</td>
<td>1.8%</td>
<td>0.1%</td>
</tr>
<tr>
<td><strong>Median Excl. Hartford</strong></td>
<td><strong>$4,696</strong></td>
<td><strong>$4,314</strong></td>
<td><strong>7.4%</strong></td>
<td><strong>5.9%</strong></td>
</tr>
<tr>
<td><strong>Rank</strong></td>
<td>2 of 8</td>
<td>1 of 8</td>
<td>2 of 8</td>
<td>1 of 8</td>
</tr>
</tbody>
</table>

Source: FY2016-17 Adopted Budgets
Factors Driving the Gap: High Overtime Costs in Police and Fire

- In recent years, HPD and HFD have exceeded their budgets for overtime.

- The adopted FY 2016 Police overtime budget was $2.6 million, but HPD spent $7.5 million in overtime – mostly driven by staffing shortages compared to its current service model. Since FY 2016, the City has taken steps to increase its police employees and reduce overtime.

- The adopted FY 2016 Fire overtime budget was $1.4 million, but HFD spent $5.0 million in overtime – mostly driven by minimum staffing callback requirements. Since FY 2016, the City has taken steps to increase its fire employees.
Factors Driving the Gap: High Crime, High Police Staffing

- While Hartford’s violent crime rate is down in the last five years, it is still high in comparison to the benchmarked peer group
- Hartford has the highest Part I crime per capita among Northeast benchmark cities and among the highest number of uniformed officers per capita

<table>
<thead>
<tr>
<th>City</th>
<th>2015 Part I Crimes Per 1,000 Capita</th>
<th>2015 Part I Crimes per Sworn Officer</th>
<th>FY 17 Uniform FTE Per 1,000 Capita</th>
<th>FY17 Sworn Officers per Civilian</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chattanooga, TN</td>
<td>69.1</td>
<td>27.9</td>
<td>2.8</td>
<td>3.77</td>
</tr>
<tr>
<td><strong>Hartford, CT</strong></td>
<td><strong>55.3</strong></td>
<td><strong>16.7</strong></td>
<td><strong>3.3</strong></td>
<td><strong>4.39</strong></td>
</tr>
<tr>
<td>New Haven, CT</td>
<td>50.0</td>
<td>15.4</td>
<td>3.8</td>
<td>6.85</td>
</tr>
<tr>
<td>Waterbury, CT</td>
<td>45.7</td>
<td>17.8</td>
<td>2.8</td>
<td>4.53</td>
</tr>
<tr>
<td>Manchester, NH</td>
<td>43.5</td>
<td>22.3</td>
<td>1.9</td>
<td>4.15</td>
</tr>
<tr>
<td>Albany, NY</td>
<td>40.5</td>
<td>12.0</td>
<td>3.5</td>
<td>2.72</td>
</tr>
<tr>
<td>Providence, RI</td>
<td>39.6</td>
<td>16.8</td>
<td>2.4</td>
<td>4.81</td>
</tr>
<tr>
<td>Bridgeport, CT</td>
<td>30.3</td>
<td>12.6</td>
<td>3.0</td>
<td>7.76</td>
</tr>
<tr>
<td><strong>Median Excl. Hartford</strong></td>
<td><strong>4,348.4</strong></td>
<td><strong>16.8</strong></td>
<td><strong>2.8</strong></td>
<td><strong>4.5</strong></td>
</tr>
<tr>
<td><strong>Rank</strong></td>
<td>2 of 8</td>
<td>5 of 8</td>
<td>3 of 8</td>
<td>5 of 8</td>
</tr>
</tbody>
</table>

Source: 2015 UCR Data, FY16-17 Adopted Budget
Factors Driving the Gap: Fire Department Staffing

- The number of Hartford Fire Department uniformed fire suppression employees per capita is the highest among benchmark cities – 33 percent more than Waterbury and 45 percent more than Bridgeport.
- The City’s number of fire stations per square mile is 75 percent above the median of other benchmark cities – double that of Waterbury.
- Hartford also has the second highest number of Engine companies and Ladder companies per square mile.

<table>
<thead>
<tr>
<th></th>
<th>Fire FTE per 1,000 Capita</th>
<th>Engine Companies per Square Mile</th>
<th>Ladder Companies per Square Mile</th>
<th>Stations Per Square Mile</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hartford, CT</td>
<td>2.91</td>
<td>0.63</td>
<td>0.29</td>
<td>0.69</td>
</tr>
<tr>
<td>Providence, RI</td>
<td>2.83</td>
<td>0.65</td>
<td>0.38</td>
<td>0.82</td>
</tr>
<tr>
<td>New Haven, CT</td>
<td>2.81</td>
<td>0.54</td>
<td>0.21</td>
<td>0.54</td>
</tr>
<tr>
<td>Albany, NY*</td>
<td>2.64</td>
<td>0.37</td>
<td>0.19</td>
<td>0.37</td>
</tr>
<tr>
<td>Chattanooga, TN</td>
<td>2.43</td>
<td>0.08</td>
<td>0.08</td>
<td>0.15</td>
</tr>
<tr>
<td>Waterbury, CT</td>
<td>2.18</td>
<td>0.28</td>
<td>0.11</td>
<td>0.32</td>
</tr>
<tr>
<td>Bridgeport, CT</td>
<td>2.01</td>
<td>0.56</td>
<td>0.25</td>
<td>0.50</td>
</tr>
<tr>
<td>Manchester, NH*</td>
<td>2.01</td>
<td>0.33</td>
<td>0.12</td>
<td>0.30</td>
</tr>
<tr>
<td>Median Excl. Hartford</td>
<td>2.46</td>
<td>0.37</td>
<td>0.19</td>
<td>0.37</td>
</tr>
<tr>
<td>Hartford Variance from Median</td>
<td>14.83%</td>
<td>69.22%</td>
<td>53.84%</td>
<td>84.61%</td>
</tr>
<tr>
<td>Rank</td>
<td>1 of 8</td>
<td>2 of 8</td>
<td>2 of 8</td>
<td>2 of 8</td>
</tr>
</tbody>
</table>

Sources: 2016 CAFRs; ACS 2015 population estimates and square mileage data; respective departments’ published information

*2015 CAFR numbers used
Factors Driving the Gap: 
**Fire Department Staffing**

- Hartford has among the highest minimum staffing levels for fire suppression per capita – approximately 30 percent more than Waterbury and Bridgeport.

- Hartford’s minimum fire suppression staffing per square mile is more than double that of Waterbury – and second highest among benchmark cities – behind only Providence, which has approximately 55,000 more residents within a similar square mileage to Hartford.

<table>
<thead>
<tr>
<th></th>
<th>Min. Fire Suppression Staffing (FTE Per Shift)</th>
<th>Min Fire Suppression Staffing per shift per 1,000 Capita</th>
<th>Total Min Staffing per Sq. Mile</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hartford, CT</td>
<td>68</td>
<td>0.55</td>
<td>3.91</td>
</tr>
<tr>
<td>New Haven, CT</td>
<td>68</td>
<td>0.52</td>
<td>3.64</td>
</tr>
<tr>
<td>Albany, NY</td>
<td>47</td>
<td>0.48</td>
<td>2.20</td>
</tr>
<tr>
<td>Providence, RI</td>
<td>80</td>
<td>0.45</td>
<td>4.35</td>
</tr>
<tr>
<td>Waterbury, CT</td>
<td>47</td>
<td>0.43</td>
<td>1.65</td>
</tr>
<tr>
<td>Bridgeport, CT</td>
<td>62</td>
<td>0.42</td>
<td>3.88</td>
</tr>
<tr>
<td>Manchester, NH</td>
<td>46</td>
<td>0.42</td>
<td>1.39</td>
</tr>
<tr>
<td>Chattanooga, TN*</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Median Excl. Hartford</td>
<td>54.50</td>
<td>0.44</td>
<td>2.92</td>
</tr>
</tbody>
</table>

**Rank**

<table>
<thead>
<tr>
<th></th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hartford</td>
<td>2 of 7</td>
</tr>
<tr>
<td>Providence</td>
<td>1 of 7</td>
</tr>
</tbody>
</table>

Sources: Collective Bargaining Agreements (CBAs), department interviews.
*Chattanooga has no CBA and indicates it has no set minimum manning requirement, but averages between 125 and 140 fire suppression personnel per shift.*
Factors Driving the Gap: Fire Department Staffing

• In FY 2017, Hartford’s Fire Department budget is $36.3 million. In FY 2018, it is budgeted to be: $37.9 million – an increase of 17.4 percent since FY 2013

• Compared to benchmark cities, Hartford’s Fire Department has the highest per capita number of fire suppression employees and among the highest number of minimum manning staff per shift

• At the same time, the Fire Department – which does not have primary EMS duties – spends most of its time on EMS calls (63 percent of all calls)

• Fire calls comprise only 2 percent of total calls for service and structure fires comprise just 0.8 percent of total calls
Factors Driving the Gap: Fire Department Staffing

- Hartford’s Fire Department holds an Insurance Services Office (ISO) Public Protection Classification (PCC™) rating of 1. Hartford’s ISO 1 rating places it among the top 0.5 percent of ratings in the nation.

- In general, ISO ratings are a limited measure of preparedness for fires and emergency response:
  - The ISO grading schedule rewards fire departments that have more fire stations and more fire response personnel.
  - The ratings do not adjust for the actual level of risk in a particular community.

![Bar chart showing ISO ratings across the country](chart.png)

Source: ISO Mitigation
Factors Driving the Gap: Most HFD Responses are Not for Fires

The Hartford Fire Department has more FTEs per capita than most of its benchmarked peer group, even those that provide primary EMS services for their cities

• In FY 2016, Hartford had 324 firefighters, 760 fires per year – of which 137 were structure fires

• HFD serves a first responder role for EMS services, but does not have primary EMS responsibilities in the City

• Despite HFD not being the primary EMS provider in the city, the vast majority of its responses are for EMS (62.6 percent in 2016)
Factors Driving the Gap: Most HFD Responses are Not for Fires

- From January 2012 through December 2016, structure fires comprised 16 percent of all fire-specific incidents, or 0.5 percent of the Department’s total incidents.

- Between 2012 and 2016, there were between 5 and 27 multiple alarm fire incidents annually.

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Fire Incidents</th>
<th>2 Alarm</th>
<th>3 Alarm</th>
<th>4 Alarm</th>
<th>5 Alarm</th>
<th>2-5 Alarm</th>
<th>Multiple Alarm Fires % of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>710</td>
<td>5</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>5</td>
<td>0.7%</td>
</tr>
<tr>
<td>2013</td>
<td>581</td>
<td>13</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>13</td>
<td>2.2%</td>
</tr>
<tr>
<td>2014</td>
<td>566</td>
<td>27</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>27</td>
<td>4.8%</td>
</tr>
<tr>
<td>2015</td>
<td>703</td>
<td>23</td>
<td>2</td>
<td>0</td>
<td>0</td>
<td>25</td>
<td>3.6%</td>
</tr>
<tr>
<td>2016</td>
<td>760</td>
<td>5</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>5</td>
<td>0.7%</td>
</tr>
</tbody>
</table>

Source: Hartford Open Data Portal
Expenditure Initiatives: The Need to Do Different Things and Do Things Differently

- Hartford needs to reduce both the number of public safety personnel and the overall cost of public safety personnel.
- As resources become available, Hartford needs to adopt a lower cost, prevention first approach to public safety where investments are focused on preventing crime, preventing EMS calls and preventing fires.
- Hartford also needs to lead the way in pursuing regional approaches to public safety.
- The only way to achieve the full breadth of these initiatives is with the agreement of fire and police bargaining units.
  - Hartford’s collective bargaining agreement with its fire bargaining unit does not expire until June 2020. The current agreement is untenable for the City’s short-term fiscal realities. **The City and its fire bargaining unit should re-open the contract to address fundamental reforms in staffing and cost drivers.**
  - The City’s contract with its police bargaining unit expired in June 2016 and is currently in arbitration and **the City’s fiscal sustainability depends upon an agreement that yields significant and lasting savings.**
Hartford needs adequate resources to reduce crime and public safety. But it needs to take a more cost effective approach that reduces the number of sworn officers and reliance on overtime.

Uniformed officers should be assigned to patrol and investigative functions and should not be in positions that can otherwise be filled by civilians.

For example, the Juvenile Detention Center in Hartford is presently staffed by 8 police officers, 4 sergeants and 1 matron.

Using civilians to maintain the facility can increase daily patrol strength without the need to train additional officers. It can also reduce cost:

- Bridgeport maintains a Juvenile Detention Center with civilians.
- Police Officers in Bridgeport annually earn $71,653 on average, and its 14 Detention Officers earn just under $40,000 per year.

If Hartford could pursue civilianization of its Juvenile Detention Center, it would reduce the need to recruit and train a commensurate number of new police officers (sworn former-detention staff would be available) and capture the cost savings between a new police officer and a new civilian.
Expenditure Initiatives:
**Police Department Civilianization**

- Police Service Technicians (PSTs) are used in police departments across the country as a force multiplier. These non-sworn employees fulfill functions often associated with police work, but which do not require deployment of sworn officers
  - Common duties performed include traffic control, code enforcement, non-emergency incident response, prisoner response, and fingerprinting/booking
- PSTs can also be a means of recruiting and training future police officers

<table>
<thead>
<tr>
<th>Top 15 Connecticut Cities</th>
<th>Civilian Support Staff</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stamford</td>
<td>Police Aides (9)</td>
</tr>
<tr>
<td>Waterbury</td>
<td>Crime Scene Technicians (4)</td>
</tr>
<tr>
<td>Greenwich</td>
<td>Police Technicians (13)</td>
</tr>
<tr>
<td>Meriden</td>
<td>Police Service Technicians (5)</td>
</tr>
<tr>
<td>Manchester</td>
<td>Police Service Aides (5)</td>
</tr>
</tbody>
</table>
Expenditure Initiatives:
Police Department Civilianization

• Civilians are used in police departments in several Connecticut cities already. Four mid-to-large cities employ some version of PSTs and additional state law changes could allow Hartford to more fully benefit from utilization of PSTs
  – In Stamford, Police Aides direct traffic, supervise crossing guards and perform clerical duties. On average, these civilians cost roughly $10,000 less in annual salary costs than Police Officers
  – Manchester has one Police Service Aide for every 14 patrol officers. PSAs answer incoming citizen calls, process arrests, and staff the front desk at Headquarters
  – Waterbury is the only city in Connecticut to use civilian Crime Scene Technicians with training in forensic science to secure and evaluate crime scenes

• Nationally, PSTs are used by Police Departments to free sworn officers for primary patrol functions:
  • Gainesville, FL
  • Bakersfield, CA
  • Vancouver, WA
  • Memphis, TN
Utilize Civilian Police Service Technicians (PSTs) in Police Department

- Hartford Police Officers currently perform non-primary functions that could be performed by PSTs
- Utilizing PSTs to handle lower priority calls will allow sworn officers to spend more time on patrol and reduce the need for additional patrol officers
- PSTs would not carry weapons or respond to crime scenes, but instead handle crash investigations, issue non-moving traffic citations and provide administrative support as required
- In the most recent collective bargaining agreement, Hartford and the police bargaining unit agreed that a number of functions currently performed by uniformed officers could be done by civilians
Expenditure Initiatives:
Police Department Civilianization

Utilize Civilian Police Service Technicians (PSTs) in Police Department

• Beginning in FY 2019, Hartford could set a goal to achieve a 5 percent increase in the number of civilians in HPD through attrition of sworn officers – while maintaining the same overall department headcount – and increasing sworn officer availability for patrol and other primary policing duties

• Through attrition, the Department could replace at least 24 sworn officers with civilian PSTs
Expenditure Initiatives: Reduce Fire Personnel

- In order to be near the median of benchmark cities (on a per capita and per square mile basis), Hartford would need to reduce:
  - Fire staff by approximately 55-60 budgeted FTEs (approximately equal to current Fire staffing level of 295) from FY 2017 levels
  - Minimum shift staffing to at least 62
  - Apparatus levels by 5 engines and 4 ladders
  - Close 6 stations

- Without a thorough analysis of service patterns, it is not possible to pinpoint and cost the exact operational changes needed

- To reduce its significant fire-related expenditures and provide necessary public safety services, the City must act quickly and significantly by re-opening the current contract to:
  - Move to 3 platoons
  - Eliminate minimum manning
  - Close stations and reduce the number of engine and ladder companies
Expenditure Initiatives: Reduce Fire Personnel

- HFD currently operates with a 4 Platoon schedule with 24-hour tours followed by 3 days off
- This schedule results in a 42 hour average work week – well below the maximum allowable hours for fire service under the FLSA
- Many fire departments across the nation utilize deployment models that have average work weeks with 47 to 56 hours – including an increasing number of east coast jurisdictions
- A 3 Platoon schedule would involve more hours worked for individual firefighters and a commensurate increase in pay
- By moving to 3 platoons and a 47 to 56 hour average work week, even with an offset for increased pay, the City could achieve savings through a reduction in firefighter staffing requirements while fully maintaining current service levels
- In tandem with this effort, the City should also reduce or eliminate its minimum staffing requirement and the number of engines and ladders to levels that are more commensurate with its fiscal distress
Expenditure Initiatives: Reduce Fire Personnel

- Hartford has 12 fire stations, or almost 1 station per 10,000 residents, which is the highest among New England benchmarks, and, on a square mile basis is also the highest among regional benchmarks

- Higher-volume stations are clustered downtown, while lower-volume stations cover more area farther from downtown

<table>
<thead>
<tr>
<th>Fire Stations per 10,000 residents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chattanooga, TN</td>
</tr>
<tr>
<td><strong>Hartford, CT</strong></td>
</tr>
<tr>
<td>Manchester, NH</td>
</tr>
<tr>
<td>Providence, RI</td>
</tr>
<tr>
<td>Waterbury, CT</td>
</tr>
<tr>
<td>Albany, NY</td>
</tr>
<tr>
<td>New Haven, CT</td>
</tr>
<tr>
<td>Bridgeport, CT</td>
</tr>
<tr>
<td>Median Excl Hartford</td>
</tr>
</tbody>
</table>

- HFD should consider decommissioning multiple stations and redeploying personnel to accommodate increased volume at remaining facilities
Expenditure Initiatives: Reduce Fire Personnel

• Hartford should reduce its minimum staffing level per shift

• HFD’s minimum staffing per capita is the highest among benchmark cities and its minimum staffing per square mile is the second highest

• It appears likely that HFD could use a risk-based approach to staffing and deployment to meet the fire suppression and emergency demands with fewer personnel and at less cost
  – For example, Worcester, MA has approximately 55,000 more residents and double the square mileage of Hartford and operates with 10 stations and a minimum staffing level of 66 per shift

• A deployment analysis is the best way to find a solution that adequately suits Hartford’s needs
Expenditure Initiatives: 
Reduce Fire Personnel

• The reduction target that Hartford selects depends on the benchmark used to measure against similar cities

• In order to bring Hartford to the median of stations per square mile among the comparison group, the City would need to eliminate four engine companies and two ladder companies
  – This reduction results in 24 fewer daily positions to fill, 96 across 4 platoons

• If Hartford were to achieve the median of minimum fire suppression staffing per capita, total suppression staff would be 57 per shift
  – This approach reduces daily headcount by 15, when district chiefs are included

• Moving to three platoons at either 47 or 53 hours a week would result in a per-employee pay raise commensurate with additional hours worked, but could reduce overall staffing requirements by up to 60 personnel, capturing, at a minimum, eliminated benefit expenditures
Expenditure Initiatives: Reduce Fire Personnel

- Regardless of method(s) to reduce staffing and enhance efficiency -- while maintaining proper public safety, HFD needs to operate cheaper and more efficiently with fewer personnel.

- For instance, reducing minimum staffing to 57 would generate significant personnel cost savings (wages and benefits) and reduce high overtime costs.

<table>
<thead>
<tr>
<th>Minimum Staffing</th>
<th>Total Suppression Staff (w/ 1.2 Relief Factor)</th>
<th>Reduction in Positions</th>
<th>FY 2019 Savings</th>
<th>FY 2019-FY 2022 Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>72 (Baseline)</td>
<td>302</td>
<td>0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>57</td>
<td>274</td>
<td>28</td>
<td>$11,000,000</td>
<td>$44,000,000</td>
</tr>
<tr>
<td>54</td>
<td>259</td>
<td>43</td>
<td>$12,000,000</td>
<td>$48,000,000</td>
</tr>
<tr>
<td>52</td>
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<td>50</td>
<td>240</td>
<td>62</td>
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<tr>
<td>48</td>
<td>230</td>
<td>72</td>
<td>$15,000,000</td>
<td>$60,000,000</td>
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<td>221</td>
<td>81</td>
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<tr>
<td>44</td>
<td>211</td>
<td>91</td>
<td>$17,000,000</td>
<td>$68,000,000</td>
</tr>
</tbody>
</table>
Expenditure Initiatives:  
*Emergency Communications and Support Activity Efficiencies*

• The City projects its FY 2019 Emergency Services and Telecommunications (EST) Department budget to fund 43 positions for dispatchers and supervisors

• EST personnel work 8 hour shifts (3 shifts per day)

• On an average day, EST receives 380 calls for service, or 15 calls per shift (per position). A figure well below other benchmarks:
  – In Los Angeles County, 911 call takers field 8-10 calls for service per hour
  – A Scottsdale, AZ staffing analysis assumed that call takers could process 20 calls per shift

• It appears that EST can reduce its required staffing based on call volume (consistent over recent years)

• Additionally, EST could switch to 12-hour shifts (average work week of 42 hours) to further reduce the need for additional staff
Expenditure Initiatives: Reduce Police and Fire Overtime

• Hartford should reduce overtime to the greatest extent possible

• In HPD, this may mean:
  – Suspending discretionary (non-essential) overtime
  – Redeployment of detectives as patrol officers - spend one shift per week on patrol duty or splitting shifts between patrol duty and their regular assignments. Alternatively, select detectives could simply be reassigned to patrol
  – Use of community service officers for patrol
  – *Note: HPD’s actions through late FY 2017 resulted in a reduction in anticipated overtime spending*

• For HFD, this may mean:
  – Scheduled brownouts
  – Suspension of minimum staffing once overtime expenditures exceed a certain amount

• For both HPD and HFD, this means reducing sick leave utilization
Expenditure Initiatives: 
*Reduce Police and Fire Overtime*

- Police and Fire have budgeted a cumulative $11.1 million in overtime for FY 2018. Public safety overtime is projected to grow to $13.2 million by FY 2022.

- This initiative may be subsumed in other initiatives and should not be considered wholly additive to savings derived from other actions:
  - HPD: civilianization
  - HFD: personnel reduction, minimum staffing reduction
  - If this initiative is not included as part of other efforts, the City should ensure that proper budget and operational controls are in place to require that if either department’s overtime budget meets the revised OT cap, automatic actions are taken to ensure commensurate savings in other areas of the department budget (e.g. suspension of minimum staffing, delay of recruit classes, etc.)
Expenditure Initiatives:

Operational Efficiencies in Public Safety

• The City should also explore a series of actions that would achieve savings, increase efficiency, or both. Savings from these initiatives were difficult to estimate. In some cases, they would be difficult to achieve even by FY 2022
  - Reduce Terminal Leave Payments
  - Pursue a statewide urban fire academy
  - Restructure the Fire Alarm Technology Division
  - Employ non-police crime reduction strategies
  - Pursue regionalization of police and fire services or provide public safety services to surrounding jurisdictions
  - Consider a virtual dispatch center
Expenditure Initiatives:

Reduce Terminal Leave Payments

- In FY 2018, Hartford budgeted $4.3 million in terminal leave payments (cash-out of sick and vacation balances). In FY 2019, the City anticipates budgeting $3.7 million.

- According to City data, there are 162 City employees eligible for retirement through FY 2022. The current value of the cumulative terminal leave balances of the 162 employees (as of July 2017) is estimated to be $4.9 million (not including any future accrual).

- To the extent legally feasible, Hartford could pursue a cap on each employee’s total terminal leave payment (for example, between $15,000 and $45,000).

- The City would need to balance separations (and the fact that employees would likely use time if unable to cash out at 100 percent value) with management of overtime costs so as to not erode savings.

- The Network has not conducted a legal analysis of this initiative, which would require significant legal review and analysis before designing such a program. Alternatively, the City could find it beneficial to pursue bargaining to freeze additional accumulation of terminal leave balances.
Expenditure Initiatives:

*Statewide Urban Fire Academy*

- Hartford should work with its larger urban peers in the state to create a Statewide Urban Fire Academy.

- Presently, Hartford operates its own Fire Academy – utilizing 8 uniformed staff (6 Lieutenants, 1 Captain and one Deputy Chief) in a training capacity each time a class is in session.

- Given the small number of urban-style fire departments in Connecticut, the City – and its other peers in the state – could leverage each other’s knowledge and resources and reduce the time and employee burden related to training.

- If the five Connecticut cities over 100,000 population were to pool resources, all parties could benefit from more efficient use of personnel and economies of scale.
Expenditure Initiatives: 
Restructure Fire Alarm Technology Division

• The City should eliminate the Fire Department’s Fire Alarm Technology Division (redeploying or separating its 6 FTEs) and create a Fire Data and Research Division to better capture, analyze, and manage with data
  – Building upon HFD’s utilization of one FACT staff member performing data analysis and performance management)

• The new Fire and Data Research Division could be staffed by 2 FTEs – potentially civilians

• The new Division should be charged with identifying new and emerging trends in incidents to better manage and proactively abate potential calls for service

• The Division should also become the “best practices” hub for urban fire response and mitigation – driving more effective and efficient organization and operations within HFD

• The Division could use predictive data to identify risk factors for fire-prone buildings and enhance inspection capabilities

• As part of public safety consolidation, there could be a single data analysis unit that supports all public safety departments
Expenditure Initiatives: Deploy More Cost Effective Crime Reduction Strategies

Police FTEs are one of the more costly approaches to crime reduction. Without reducing its focus on crime reduction, the City needs to pursue more cost effective crime prevention and reduction strategies.

- The City can pursue a more proactive means of policing to prevent crime. Rather than the sharp delineation between officers assigned to patrol and officers assigned to community policing, HPD should adopt a model whereby all patrol officers are engaged in community policing.
  - HPD has 15 Community Police Officers and 1 faith-based officer who are responsible for all community policing in the City.
  - The police union would need to agree to a change in contract to make all patrol officers part of community policing.

- The City needs a comprehensive approach to crime prevention that goes beyond the police department.
  - As one example, in the area of offender re-entry, 19,000 men and women from Greater Hartford have been released from state prison in the since 2011. Hartford could work to provide direct employment opportunities for offenders returning to the community – achieving cost reduction in certain services and reducing recidivism.
Expenditure Initiatives:

Regionalization of Police and Fire Services

- Hartford should explore opportunities to create a regional public safety department
- Policing services could be provided by HPD to neighboring jurisdictions on a shared service basis
- Several neighboring jurisdictions rely on volunteer fire departments. HFD may be positioned to provide fire suppression services to other municipalities for less cost than those jurisdictions currently pay for fire suppression
- Across the nation, regional fire departments exists in urban and suburban areas. For instance, in one of the nation’s most densely-populated regions, five north Hudson County (NJ) towns and cities formed a regional fire department providing services to more than 200,000 residents
Expenditure Initiatives: 
*Other Regionalization Opportunities*

- The City’s Fire Department could also pursue comparatively smaller regionalization options to further reduce cost and generate revenue by:
  - Providing vehicle and apparatus maintenance to surrounding municipalities (and streamlining internal Fleet services)
    - Currently, other jurisdictions contract with a vendor or employ personnel to provide general and advanced fire vehicle and maintenance services
    - The City employs personnel able to perform these functions and already has “soft” contracts to perform such services. These personnel should be moved to the City’s Fleet services to create greater efficiencies and reduce costs
    - Hartford could either reduce its need for maintenance employees and/or increase revenue to the City by performing general maintenance for other jurisdictions
  - Leading efforts to regionalize radio purchasing through a Request for Information and subsequent competitive bid process
    - As with other technical and volume-based purchases, the City could benefit from pooling purchases of technology – such as radios – to ensure standardization and economies of scale
Expenditure Initiatives:

Virtual Urban Dispatch Center

• A single unified management structure for 911 could save on personnel costs & allow for staff flexibility
  – A virtually integrated urban dispatch center could be the first step towards lower costs across the region, potentially more nimble reallocation of staff to serve high-volume low-capacity areas

• Hartford EST has had conversations with regional partners regarding cost-sharing for radios and dispatch towers. Shared purchasing could strengthen the case for future service integration

• Connecticut’s Enhanced 9-1-1 Telecommunications Fund provides incentives for regionalization, both through ongoing subsidies to the regional authority, and through transition grants to participating agencies for equipment upgrades

• In 2009, eleven counties in Pennsylvania (including Pittsburgh’s Allegheny County) formed WestCORE, a regional alliance formed to more efficiently use Computer Premises Equipment (CPE) switches, which required significant capital to purchase, and could support far greater capacity than each county required. Their coordinated efforts resulted in a reduction from 13 to 3 CPE switches, for a capital savings of $4.3 million, and annual operating expense savings of $172,000
Meeting the Challenge: Efficiency and Coordination of City Services
Factors Driving the Gap: 
*Public Works*

- The Department of Public Works is the third largest City department – following Police and Fire. Between FY 2013 and FY 2016, General Fund spending increased from $12.9 million to $13.2 million.

- The increase in spending, however, coincided with a reduction in FTE head count. The largest FTE reductions occurred in Waste and Recycling, Street Services, Parks and Equipment Maintenance.

- Public Works is also responsible for leased City facilities – the costs of which are not included in the Public Works budget. Spending on leases and rentals increased from $1.9 million in FY 2013 to $2.8 million in FY 2016, and spending on vehicles and equipment increased from $1.4 million in FY 2013 to $2.3 million in FY 2016.

- Public Works is also responsible for operation of the City’s two golf courses, which are funded through an Enterprise Fund.
Expenditure Initiatives: Managed Competition

• Some cities have employed a managed competition strategy to reduce department costs while fulfilling critical Public Works functions. In the managed competition process, the city solicits bids for city and Department staff to bid alongside private entities, with the lowest effective bidder winning the contract

• In Hartford, managed competition can be applied to street maintenance, fleet maintenance, solid waste collection, recycling and building maintenance – all functions that have been contracted out in other cities

• Phoenix, AZ has used managed competition for solid waste collection since 1979. Of the 13 competitions held, city employees won seven. The city estimates that it saves $1.2 million per year

• San Diego, CA developed a standard procedure for managed competition across a number of city departments. The city reports, for example, that the Fleet Maintenance process produced $4.2 million in department savings in FY 2016, out of a department budget of $52 million
Expenditure Initiatives: Managed Competition

- **New Haven, CT** contracts for ongoing facilities maintenance. The city has a central pool of $900,000 which is shared by Police, Parks and Public Works. The City also budgeted $150,000 in one-time capital money for contract labor to fix and build sidewalks.

- **Providence, RI** contracts for solid waste removal and **Waterbury, CT** contracts for bulky waste removal.

- Both Waterbury and **Albany, NY** contract for select fleet maintenance work.
Expenditure Initiatives: Space Consolidation

- The primary cost of leased space to the City is for Constitution Plaza. The FY 2018 budget for leases and parking is $1.9 million, of which $1.3 million is for Constitution Plaza – down from prior years as a result of a move by some City departments to lower cost space. The remaining city leases consist of three Library branches, two police substations, four board of education buildings and one building each for social services and HHS.

- The City’s most recent facility analysis is from ten years ago. A new Facility Condition Assessment would give city officials an accurate snapshot of vacant city-owned space, performing a cost analysis of bringing potentially outdated or out-of-code facilities back into operation, versus continuing existing leases, or prompt the City to seek less premium office space. It would also help to identify City owned properties that could be sold.

Sources: FY 2017, 2018 Budgets, SBS Building Inventory, 2006 Facility Analysis Report
Expenditure Initiatives: Increase Private Support for Parks

• Two of Hartford’s parks, Elizabeth and Bushnell, already enjoy the support of private foundation partnerships, which can leverage outside donations and funds to improve programming and preserve historic sites

• Under these agreements, Public Works is responsible for maintenance of the parks, while the Foundations support long term projects

• DPW leaders have indicated that low staffing has diminished the department’s ability to maintain parks at optimal levels

• According to a report by the Trust for Public Land, conservancies in Atlanta (Piedmont Park) and New York (Prospect Park) have made maintenance costs a priority in fundraising efforts
  • For these parks, over 80 percent of maintenance costs are covered by private donations

Factors Driving the Gap: Legal Costs

• Between FY 2013 and FY 2016, the City increased spending on the Corporation Counsel office from $1.5 million to $1.6 million. The FY 2018 budget includes a small reduction back to $1.5 million.

• Between FY 2013 and FY 2016, the amount that the City spent on legal costs and settlements increased from $700,000 to just under $1 million. The FY 2018 budget, however, includes $2.7 million for litigation expenses:
  – Settlements are paid from a citywide budget, rather than from departments.
  – Corporation Counsel’s current tracking system has the ability to aggregate volume and magnitude of settlement claims by department, but this analysis is not conducted regularly, nor with intent to discover trends of excessive claims against departments.
  – Nationally, some jurisdictions (e.g. Kansas City, KS and Los Angeles County, CA) require law enforcement departments to fund claim costs/settlements from their departmental budgets, creating a budgetary consequence for improper conduct (and an incentive to prevent such conduct).
Expenditure Initiatives: *Department Budget Accountability for Legal Settlements*

- There are opportunities for savings in the Corporation Counsel budget through staff reductions, but the current collective bargaining agreement has a no layoff provision. Savings could be achieved through greater reliance on outside counsel and paralegals.

- Hartford should consider transferring responsibility for claims, judgements and settlements to originating departments:
  - Internal staff are more capable of managing subject-matter risk factors, and tying judgements directly to department budgets could induce a greater sense of accountability for case outcomes.
  - The New York City Comptroller has suggested that increased financial responsibility for settlements could result in savings of 25 percent over a five year period, based on the city’s experience with the NYC Health and Hospital Corporation, which is responsible for its own settlements, claims & judgements.
Factors Driving the Gap: Housing, Planning and Code Enforcement

- While multiple City departments are charged with aspects of code enforcement, Development Services has primary responsibility for housing code enforcement and administration of City housing programs. With federal funds, Development Services administers a Section 8 program and HOME funds. And the department has responsibility for Planning and Economic Development.

- Between FY 2013 and FY 2016, General Fund spending on Development Services increased from $4.6 million to $3.6 million. The FY 2018 budget calls for spending $3.2 million.
Factors Driving the Gap: Use of CDBG Funds

- The Community Development Block Grant program (CDBG), provides cities, such as Hartford, with annual funding from the U.S. Department of Housing and Urban Development (HUD).

- According to the City’s Annual Action plan for FY 2016-FY 2017, half of all CDBG funding was to be allocated to affordable housing related programs ($2.5 million), while approximately 35 percent ($1.8 million) was allocated to non-housing community development initiatives and 15 percent ($744,294) for general administration/fair housing.

Source: City of Hartford, Central Grants Administration
Expenditure Initiatives:  
Re-Allocation of CDBG Funds to Centralize Code Enforcement

- Community Development Block Grant regulations and the Housing and Community Development Act of 1974 permit the use of CDBG funds for selected code enforcement activities
  - HUD CPD Notice 14-016, Section 105(a)(3) of the act permits: “The use of CDBG funds for code enforcement in deteriorated or deteriorating areas in which such enforcement, together with the public or private improvements or services to be provided, may be expected to arrest the decline of the area.”

- Additionally, the program regulations in 24 CFR 570.202(c) define eligible code enforcement activities as follows:
  - Costs incurred for inspection for code violations and enforcement of codes (e.g., salaries and related expenses of code enforcement inspectors and legal proceedings, but not including the cost of correcting the violations) in deteriorating or deteriorated areas when such enforcement together with public or private improvements, rehabilitation, or services to be provided may be expected to arrest the decline of the area

Source: U.S. Department of Housing and Urban Development
Expenditure Initiatives: 
*Re-Allocation of CDBG Funds to Centralize Code Enforcement*

- HUD’s CDBG program defines code enforcement as a process whereby a local government gains compliance with ordinances and regulations regarding health and housing codes, land use and zoning ordinances, sign standards, and uniform building and fire codes. Code enforcement may take place in residential, commercial, and industrial areas. Ancillary efforts to address violations of codes concerning vacant lots, signs, and motor vehicles, are permitted in conjunction with health and safety efforts but should form a minor part of the code enforcement program.

- Code enforcement is an eligible activity, but the national objective standard is met when the activity is carried out in a deteriorating or deteriorated area, in conjunction with activity expected to arrest the deterioration.

- Many census tract block groups in Hartford meet the national objective for low- and moderate-income housing because at least 51 percent of the residents are moderate- or low-income (those making less than 80 percent of the area median income).

*Source: U.S. Department of Housing and Urban Development*
Expenditure Initiatives:

**Operational Efficiencies**

- The City should also explore a series of additional actions that would achieve savings, increase efficiency, or both. Savings from these initiatives were difficult to estimate. In some cases, they would be difficult to achieve even by FY 2022
  - HPL Regionalization and Shared Services
  - Strategic Approach to Coordinated Youth Services
  - Contract Out or Regionalize Health Services
Factors Driving the Gap: Hartford Public Library

- HPL is a non-profit run and operated public library. In FY 2016:
  - HPL had ten locations
  - Was open for 15,246 hours
  - Annual circulation of more than 408,972

- Effective September 5th, 2017, HPL will close two library locations
  - Hours and personnel from the effected locations will be reallocated to the remaining eight locations

Note: Red circle indicates closed library location effective September 2017
Source: Hartford Public Library Website
Factors Driving the Gap: Hartford Public Library

- The City provides an annual subsidy to Hartford Public Library (HPL) used to primarily cover personnel costs and operating expenses.
- The City contributed $8.2 million annually from FY 2013 to FY 2016. In FY 2017, the budgeted subsidy declined to $7.8 million.
Factors Driving the Gap: Hartford Public Library

- Despite closing two library locations, HPL has more library locations and provides more weekly hours of service than any of the benchmark cities.
- Among Connecticut benchmarks, Hartford provides 20 percent more hours than Bridgeport – with the second highest number of hours (this analysis reflects the planned September 2017 closings).

<table>
<thead>
<tr>
<th></th>
<th>Population</th>
<th>Number of Locations</th>
<th>Number of Weekly Hours</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hartford, CT</td>
<td>124,014</td>
<td>8</td>
<td>326</td>
</tr>
<tr>
<td>Bridgeport, CT</td>
<td>147,619</td>
<td>5</td>
<td>268</td>
</tr>
<tr>
<td>New Haven, CT</td>
<td>130,310</td>
<td>5</td>
<td>192</td>
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<tr>
<td>Waterbury, CT</td>
<td>108,807</td>
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<tr>
<td>Manchester, NH</td>
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<tr>
<td>Albany, NY</td>
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<tr>
<td>Providence, RI</td>
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<tr>
<td>Chattanooga, TN</td>
<td>176,597</td>
<td>4</td>
<td>240</td>
</tr>
</tbody>
</table>

Note: Mobile Library units and hours are included in the above analysis.
Expenditure Initiatives:
HPL Regionalization and Shared Services

- HPL offers nationally recognized programs to Hartford residents with greater programming and capacity than many of the neighboring library systems.

- A regional approach in the form of an inter-local agreement or library district would allow for HPL to continue and improve its service delivery, programming, and offers potential efficiency savings.

Key: Hartford (Red), West Hartford (Green), East Hartford (Blue), Bloomfield (Yellow), Wethersfield (Purple)

Note: Red circle indicates closed library location effective September 2017.
Expenditure Initiatives: HPL Regionalization and Shared Services

Regional Library District:

- Albany, NY Public Library was re-chartered as a school District Library in 2002. APL also serves as the central library for a two county library system
  - Albany, NY allocated $2.1 million annually to APL before re-charter
  - APL is supported by its own tax levy with its annual budget approved annually by vote of residents
  - As a member of a two-county library system, users have access to books and materials from 28 other local libraries

System collaborations:

- The San Antonio Library system provides library services for the city and surrounding unincorporated areas and Bexar County. An Inter-local Agreement (ILA) between the San Antonio Public Library System and Bexar County is projected to bring $1.2 million in savings over four years
Expenditure Initiatives:  
**HPL Regionalization and Shared Services**

Leveraging Higher Education:

- HPL recently entered into a $4 million, 15-year shared-space agreement with the University of Connecticut. The agreement co-locates a branch of the university in HPL’s downtown location:
  - 12,000 sq. ft will be renovated and devoted to UConn for classes, meetings, and events
  - HPL and UConn will share 4,350 sq. ft
  - UConn will make annual payments to cover expenses incurred by the library

- San Jose State University and the City partnered in 2003 to provide joint library services to the City and university students:
  - Co-located library services at main library location
  - San Jose residents and University students and faculty have access to all materials at SJSU Library and the City’s 23 library branches
Expenditure Initiatives:  
*HPL Regionalization and Shared Services*

Policy considerations:

- HPL explored taking over East Hartford Public Library operations in FY 2017 as a way to increase both systems’ resources and program capacity
  - The perceptions of Hartford’s fiscal challenges and concerns around regional identity ultimately stopped the agreement in the final stages
- HPL may consider expanding the UConn shared space agreement to include provisions to share on-site materials and collections
Factors Driving the Gap: Funding for Youth Services and Health Services

- In addition to providing subsidies to Hartford Public Schools and the Library, the City also provides funding for two other departments that have a direct role in serving young people -- Family, Children, Youth, and Recreation and Health and Human Services.

Note: The Office of Family Children Youth and Recreation (FCYR) was established in FY 2012.
Factors Driving the Gap: *Funding for Youth Services*

- Despite the City’s significant investment in young people, there is limited coordination between the primary providers of services to young people.
- In addition to the operational benefits of increased partnerships between the City and the school system, there would also be benefits from greater coordination on programming and youth services.
- There are opportunities for savings through greater collaboration with non-profit providers.
Expenditure Initiatives:
*Strategic Approach to Coordinated Youth Services*

Other cities are leveraging resources, programing, and facilities of related institutions serving young people. Reducing the duplication of services across the City and focusing funding on prioritized programs in targeted locations could yield both budgetary savings and improved outcomes.

**Best Practices:**

- **New York City** Department of Youth Services created the Beacon Program in 1991 for youth ages 4 to 19. The school-based community centers offer after-school programing managed by community and non-profit organizations. Today 80 Beacons operate around the City during non-school hours, weekends, holidays, vacation periods, and summer.

- **Baltimore, MD** leverages schools and non-profits to operate 10 recreation centers. The City is also moving to school-based community spaces in Baltimore Public Schools. The City utilizes more than 276 non-City community based programs and non profits to supplement and plan City programming, facility, and community needs.
Expenditure Initiatives:
Strategic Approach to Coordinated Youth Services

- **Waterbury, CT**’s Public Health Department in conjunction with the Board of Education provides nursing services to the parochial, private, and public schools within the City
  - The program provides daily health services to the 23,000 students is a focal point in the City’s mission to providing healthier families

- **Stamford, CT** funds three community centers through community grants from the General Fund. Each community center is run and operated by a local non-profit

- **Bridgeport, CT**’s Lighthouse Program leverages school-based facilities and local non-profits to provide community centers, afterschool programming, and recreation to City youth
  - Program receives parent fees (up to $20 per week), local, state, and federal funding
  - Bridgeport GF allocates roughly $1.7 million to support the Lighthouse Afterschool Program and $1.0 million in recreation related funding in FY 2016
Expenditure Initiatives:  
**Strategic Approach to Coordinated Youth Services**

- The overlapping missions of multiple departments offer potential efficiency savings
  - School based health clinics and HHS clinical services: HPS could contract with HHS – or through HHS – to provide school health
  - School based libraries and HPL: HPL could be funded through the school system to operate and maintain school libraries
  - After-school programming in schools, community centers and libraries: There can be coordination of after school programming based in schools, HPS and community centers
  - Programming provided by non-profit organizations: Rather than relying on City, HPS or HPL employees, programming by non-profit organizations can be subsidized
Expenditure Initiatives:

Contract out or Regionalize Health Services

- In addition to programming for young people, Hartford’s Health Department also operates three co-located clinical services for Hartford Residents
  - Sexually Transmitted Disease Clinic
  - Tuberculosis Clinic
  - Annual Flu Clinic

- Leveraging the local hospital and health sector to provide the City’s clinical services may reduce HHS costs while expanding access to clinical and health services to residents. New Orleans, LA restructured its Health Department in FY 2011 and moved the City’s health clinic services to existing area providers. The community partnerships model saved the City $700,000 and increased the health and clinical services of residents

- West Hartford-Bloomfield Health District is a separate government entity providing public health and clinical services to the West Hartford and Bloomfield, CT residents. Supported by local tax revenue contributions from both towns. Governed through a Board of Directors of appointed by legislative bodies of member towns based on population size. The District provides low cost immunizations, clinical services, disease prevention, and supports non-public school clinics and health services
Meeting the Challenge: Revenue Enhancement
Revenue Initiatives: 

Overview

- Even as the City works to increase State aid to close the FY 2018 budget gap, it should also explore additional local sources of revenue.

- Local residents may be asked to pay more through a restructured property tax or through increased fees for services.

- In addition to revenue sources that may be under City control, Hartford should also seek greater taxing authority from the State.
Revenue Initiatives:
Restructure Residential Property Tax

- Hartford has the highest millage rate in the State at 74.29 mills, and it has the second lowest median home value compared to the below selected jurisdictions based on size and proximity to the City.
- As noted earlier, a higher percent of the City’s property tax base is tax exempt than in other jurisdictions, limiting the City’s annual property tax revenue.
- Hartford is the only municipality to have different assessment rates for residential and non-residential property.

<table>
<thead>
<tr>
<th></th>
<th>Total Mill Rate</th>
<th>Non-Residential Assessment Rate</th>
<th>Residential Assessment Rate</th>
<th>Median Home Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hartford</td>
<td>74.29</td>
<td>70%</td>
<td>32.1%</td>
<td>$161,400</td>
</tr>
<tr>
<td>Waterbury</td>
<td>60.21</td>
<td>70%</td>
<td>70%</td>
<td>$134,500</td>
</tr>
<tr>
<td>Bridgeport</td>
<td>54.37</td>
<td>70%</td>
<td>70%</td>
<td>$169,100</td>
</tr>
<tr>
<td>East Hartford</td>
<td>45.86</td>
<td>70%</td>
<td>70%</td>
<td>$165,400</td>
</tr>
<tr>
<td>New Haven</td>
<td>41.55</td>
<td>70%</td>
<td>70%</td>
<td>$191,800</td>
</tr>
<tr>
<td>West Hartford</td>
<td>39.51</td>
<td>70%</td>
<td>70%</td>
<td>$313,500</td>
</tr>
</tbody>
</table>
Revenue Initiatives:
Restructure Residential Property Tax

- As a result, Hartford homeowners pay less in property tax than single family homeowners in most other jurisdictions. This is true both in actual dollars and as a percentage of median household income. The differences are even greater when property tax is considered as a percentage of median household income for residents of owner occupied residents.

<table>
<thead>
<tr>
<th></th>
<th>Property Tax</th>
<th>Median Household Income (MHI)</th>
<th>% of MHI</th>
<th>MHI - Owner Occupied</th>
<th>% of MHI - Owner Occupied</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hartford</td>
<td>$3,837</td>
<td>$44,434</td>
<td>8.6</td>
<td>$60,223</td>
<td>6.4</td>
</tr>
<tr>
<td>Waterbury</td>
<td>$5,669</td>
<td>$52,597</td>
<td>10.8</td>
<td>$61,839</td>
<td>9.2</td>
</tr>
<tr>
<td>Bridgeport</td>
<td>$6,436</td>
<td>$56,565</td>
<td>11.4</td>
<td>$67,586</td>
<td>9.5</td>
</tr>
<tr>
<td>East Hartford</td>
<td>$5,310</td>
<td>$60,216</td>
<td>8.8</td>
<td>$67,199</td>
<td>7.9</td>
</tr>
<tr>
<td>New Haven</td>
<td>$5,579</td>
<td>$57,499</td>
<td>9.7</td>
<td>$74,144</td>
<td>7.5</td>
</tr>
<tr>
<td>West Hartford</td>
<td>$8,670</td>
<td>$123,559</td>
<td>7.0</td>
<td>$109,694</td>
<td>7.9</td>
</tr>
</tbody>
</table>
Revenue Initiatives: *Align Use with Cost – Pay as You Throw*

- As an alternative to increasing property tax assessment rates for owners of residential units, the City could adopt a pay as you throw system for waste and recycling. A pay-as-you-throw ("PAYT") system can:
  - *Reduce waste generation*
  - *Relieve pressure on landfills*
  - *Promote use of recycling*
  - *Enhance equity* - charging citizens based on the actual amount of waste they produce rather than a flat fee

- **Connecticut** has a Save Money And Reduce Trash (SMART) program that allows municipalities to implement a system of charges based on the amount disposed
  - **Stonington, CT** implemented a Pay by the Bag Program in 1992 and reported over $5 million in avoided disposal costs since inception and fees cover 98 percent of the solid waste program
  - 31 Connecticut cities have implemented PAYT programs for transfer station and curbside waste disposals as of March 2015
Revenue Initiatives: 
*Align Use with Cost – Pay as You Throw*

- Many other major cities have a PAYT, or similar, system:

<table>
<thead>
<tr>
<th>Jurisdiction</th>
<th>Rate (Annual)</th>
<th>Pay-As You Throw Application</th>
</tr>
</thead>
<tbody>
<tr>
<td>Austin, TX</td>
<td>$230.85</td>
<td>Per 32-gallon can</td>
</tr>
<tr>
<td>Fort Wayne, IN</td>
<td>$119.40</td>
<td>Annual single family fee</td>
</tr>
<tr>
<td>Fort Worth, TX</td>
<td>$150.00</td>
<td>Per 32-gallon cart</td>
</tr>
<tr>
<td>Philadelphia, PA</td>
<td>$300.00</td>
<td>Annual fee on commercial/multi-unit property</td>
</tr>
<tr>
<td>Seattle, WA</td>
<td>$408.00</td>
<td>Per 32-gallon can</td>
</tr>
<tr>
<td>Spokane, WA</td>
<td>$351.00</td>
<td>Per 68-gallon</td>
</tr>
<tr>
<td>Springfield, MA</td>
<td>$90.00</td>
<td>Per city-provided barrel</td>
</tr>
<tr>
<td>Tampa, FL</td>
<td>$418.92</td>
<td>Annual residential fee</td>
</tr>
<tr>
<td>Worcester, MA</td>
<td>$1.50/$0.75 per bag</td>
<td>Cost per large/small trash bag</td>
</tr>
</tbody>
</table>
Revenue Initiatives: 
*Align Use with Cost – Pay as You Throw*

- In addition, PAYT programs are common statewide initiatives in the region:
  - Act 148 in **Vermont** requires all cities to implement a variable rate pricing system of charging customers for waste disposal by weight or volume
  - Over 140 communities in **Maine** currently utilize a PAYT program
  - 143 municipalities out of 351 in **Massachusetts** have adopted a PAYT program
    - **Worcester, MA**, which has used PAYT since 1993, reported achieving recycling rates of more than 45 percent and having avoided millions in tipping fees
  - According to the data provided by the US Environmental Protection Agency, over 7,000 communities nationwide have a PAYT program

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1 Massachusetts Department of Environmental Protection, Pay-As-You-Throw Fast Facts
Revenue Initiatives: 
*Align Use with Cost – Pay as You Throw*

- The City can implement a program with variable rates for customers using different sized garbage carts (e.g. 32, 64 or 96-gallons) as part of their monthly fee, with the cost escalating as the size of the cart increases, and use City authorized bags for collection of items that do not fit in the cart and provide recycling carts at no charge.

- The City can provide special discounts for low-income, senior, or disabled customers to promote equity, as other cities have done:
  - *Springfield, MA* offers a $40 discount on its $90 annual trash fee for the elderly, disabled veterans, the blind, and the indigent.
  - *Seattle, WA* offers low income customers, seniors, and persons with disabilities up to a 50 percent discount on garbage bills.
Revenue Initiatives: Parking Authority Opportunities

• Hartford’s Parking Authority is an independently run entity that manages the following City owned assets:
  – 2 parking garages
  – 2 surface lots
  – On-street parking enforcement

• The Authority contributes annual net revenue to the City’s General Fund at $2.0 million in FY 2016

• HPA has implemented a number of initiatives in recent years to improve operations and efficiencies within the department and for customers
  – Pay-by-Plate
  – New fines and fees
  – Planned parking app integration
Revenue Initiatives: Parking Authority Opportunities

HPA should consider the below opportunities for new sources of revenue

• Charge for Cumulative Citation Amount
  – Hartford Parking Authority is responsible for parking citations and collections. If a resident is cited for multiple parking infractions, they are only required to pay the citation amount for the highest infraction amount

• Permitting and enforcement of surface parking lots
  – HPA manages surface lots but does not do permitting or enforcement. Permitting and enforcement of these lots would provide additional revenue

• Additional meters on commercial corridors
  – Discussions with HPA leadership indicated opportunities to increase the number of meters on commercial corridors to capture additional revenue from primarily commuter and non-residential users

• Reduce City employee parking in Library lots
  – The Library lot generates revenue from only 37 of the 110 spaces due to designated City employee parking
  – Reductions in the employee designated spots would increase spots available for revenue
Revenue Initiatives:
*Increase False Alarm Fees*

- Harford Public Safety personnel noted that the City recently began enforcing false alarm fees due to a spike of false alarm calls.
- The City should consider more aggressive enforcement and increased rates for repeated alarms.

<table>
<thead>
<tr>
<th>City</th>
<th>1st</th>
<th>2nd</th>
<th>3rd</th>
<th>4th</th>
<th>5th</th>
<th>6th and up</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hartford, CT</td>
<td>$0</td>
<td>$0</td>
<td>$45</td>
<td>$90</td>
<td>$90</td>
<td>$90</td>
</tr>
<tr>
<td>Bridgeport, CT</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>No false alarm fees</td>
</tr>
<tr>
<td>New Haven, CT</td>
<td>$0</td>
<td>$75</td>
<td>$150</td>
<td>$250</td>
<td>$250</td>
<td>$250</td>
</tr>
<tr>
<td>Waterbury, CT</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$25</td>
<td>$50</td>
<td>$75</td>
</tr>
<tr>
<td>Springfield, MA</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$100</td>
<td>$200</td>
<td>$250</td>
</tr>
<tr>
<td>Manchester, NH</td>
<td>$0</td>
<td>$0</td>
<td>$25</td>
<td>$50</td>
<td>$100</td>
<td>$150</td>
</tr>
<tr>
<td>Albany, NY</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$50</td>
<td>$50</td>
<td>$50</td>
</tr>
<tr>
<td>Providence, RI</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$150</td>
<td>$150</td>
<td>$150</td>
</tr>
<tr>
<td>Chattanooga, TN</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>No false alarm fees</td>
</tr>
<tr>
<td>Median (excl. Hartford)</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$75</td>
<td>$125</td>
<td>$150</td>
</tr>
</tbody>
</table>
Revenue Initiatives: 
*Increase False Alarm Fees*

- The City raised more than $163,000 in False Alarm fee revenue in FY 2015. The City should consider increasing its False Alarm Fee schedule in tandem to changing its collections policy.

### Proposed Schedule

<table>
<thead>
<tr>
<th></th>
<th>1\textsuperscript{st}</th>
<th>2\textsuperscript{nd}</th>
<th>3\textsuperscript{rd}</th>
<th>4\textsuperscript{th}</th>
<th>5\textsuperscript{th}</th>
<th>6\textsuperscript{th} and up</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Fee Schedule</td>
<td>$0</td>
<td>$0</td>
<td>$45</td>
<td>$90</td>
<td>$90</td>
<td>$90</td>
</tr>
<tr>
<td>Proposed Fee Schedule</td>
<td>$0</td>
<td>$75</td>
<td>$150</td>
<td>$250</td>
<td>$250</td>
<td>$250</td>
</tr>
</tbody>
</table>
Revenue Initiatives:

**Charge EMS Providers a Fee for Dispatch Services**

Currently, the City of Hartford’s emergency dispatchers provide dispatch services for private, for-profit primary EMS providers in the City.

- Hartford should work with its EMS providers to institute reimbursement for the cost of dispatch services provided to entities with primary EMS responsibilities within the City’s borders.

- The charge could be structured on either a “per dispatch” basis or proportionately as a percentage of the workload of associated City staff and the respective costs associated with the pertinent City staff (inclusive of compensation, benefits, physical space, equipment, overhead, management time, etc.).
Revenue Initiatives:

**Charge EMS Providers a Fee for Dispatch Services**

The City of Manchester, NH receives annual reimbursement from American Medical Response (AMR) for providing dispatch services to the EMS provider.

- The City also recovers the full cost of monitoring the operational and clinical performance and other compliance with the terms of the EMS contract.

- Manchester Dispatch Payments over five-year contract term:
  - 2014 - $325,000
  - 2015 - $334,750
  - 2016 - $351,488
  - 2017 - $362,032
  - 2018 - $372,893
  - 2019 - $192,039 (6 months)

- Hartford should seek a similar arrangement with its two EMS providers AMR and Aetna.
  - The City could allocate appropriate dispatch fee levels based on the percentage of calls, geographic area, or percentage of responses.
Revenue Initiatives:  
*State Authority for Local Option Taxes*

- The City requires State legislation in order to pursue many forms of potential new revenue streams.
- While the City *may or may not* need to implement every new revenue source identified, having State authority to enact various local revenue options provides additional, important revenue diversification options.
- The City should phase-in such revenue options as needed based on the success of the overall Plan in closing the identified gap and freeing needed funds for investment.
Revenue Initiatives: 

**Levy Local Hotel Tax**

- State authorization to levy a local hotel tax would allow Hartford to realize additional revenue streams without affecting the City’s residents.
- The goal of levying a hotel tax is to shift some of the responsibility of funding City services to visitors.
- Currently, the 15 percent hotel tax is levied and collected by the state.

<table>
<thead>
<tr>
<th>Jurisdiction</th>
<th>Local Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Albany, NY</td>
<td>6%</td>
</tr>
<tr>
<td>Baltimore, MD</td>
<td>9.5%</td>
</tr>
<tr>
<td>Boston, MA</td>
<td>6%</td>
</tr>
<tr>
<td>Chicago, IL</td>
<td>4%</td>
</tr>
<tr>
<td>Chattanooga, TN</td>
<td>4%</td>
</tr>
<tr>
<td>Philadelphia, PA</td>
<td>1%</td>
</tr>
<tr>
<td>Providence, RI</td>
<td>1%</td>
</tr>
<tr>
<td>New York City</td>
<td>5.875%</td>
</tr>
<tr>
<td>Springfield, MA</td>
<td>5%</td>
</tr>
</tbody>
</table>
Revenue Initiatives: 
*Implement Cigarette Tax*

- Connecticut currently has a $3.90 per pack cigarette tax and the FY 2018 and FY 2019 budget proposes an increase to $4.35 per pack
- All cigarette tax revenues are state revenues – there is no distribution of revenues to municipalities
- Other local governments levy a local option cigarette tax:
  - Philadelphia: $2.00 per pack
  - Chicago, IL: $1.18 per pack
  - New York, NY: $1.50 per pack
  - Fairfax, VA: $0.85 per pack