

2011/2012 Proposed Budget

Presented by: Mayor Mark D. Boughton

Mr. President, Honorable Leaders and Members of the City Council, Madam Clerk. City Officials, Department Directors, Employees, and my fellow Danburians:

In accordance with my duties as Mayor and those prescribed by the Charter of the City of Danbury, I respectfully present my proposed budget, and the Comprehensive Capital Improvement Plan for the 2011-2012 fiscal year.

As always, I want to take a moment to thank the members of our legislative body of our city, the members of the City Council and its leadership. Our City Council spends hours working on the City's business in a voluntary capacity and it is much appreciated.

In the coming month, they will be giving up their weekends and their evenings to deliberate over this body of work. For their dedication and commitment we should all be thankful.

Special thanks to our Director of Finance David St Hilaire, Assistant Director Dan Garrick, and Judy Baris our budget specialist. They have created an outstanding document that we all can be proud of.

Over the last several years I have shared with you the notion that Danbury is on strong financial footing, with strong future growth.

Unfortunately, today, only part if that is true. While the City of Danbury is currently on strong financial footing -- with a AAA Bond Rating and healthy reserves, I am deeply concerned about the next several years, and as such, tonight I will propose a number of program changes and initiatives to begin the process of making structural changes to avoid the mistakes that other cities have made while faced with similar challenges.

Some of those challenges include, but are not limited to the following:

Our City Pension system has come under a tremendous amount of pressure due to the collapse of the stock market in 2008-09. Because of this, the required contribution to the various funds to meet our contractual obligations in the future will be very difficult for us to meet.

For example, in 2008-09 the city was required to contribute approximately \$2.2 million towards our pension obligation. Last year we were required to contribute \$5.2 million towards our pension funds. This year, we are required to contribute \$7.6 million towards the various pension funds.

If no changes are made to our current pension system, take a look at this graph for the coming years:

Obviously the required contributions are putting tremendous financial pressure on our taxpayers at time when they can least afford it. The City is in negotiations with all of our collective bargaining units and we are optimistic about the outcomes. Needless to say, our current pension system will be a focus of discussion.

In addition health care costs for our employees and retirees have increased dramatically over the last several years. In 2004-05 our Health Care costs were almost \$9 million, this year, those costs have escalated to \$15.5 million.

Needless to say that the cost of employee Health Care will be a focus of discussion in the upcoming negotiations with our unions.

I want to be perfectly clear, that while the city is negotiating with all of our respective collective bargaining units, this does not mean that we should demonize or scape goat our city employees.

I am proud of Danbury's employees. Over the last several years, they have stepped up to the plate to help the city in a variety of different ways in a very difficult economic time.

Like the rest of the country, our energy costs continue to sky rocket. The price of heating oil, and diesel fuel have risen dramatically over the last year.

At this time my administration is investigating the feasibility of switching our fleet of vehicles to Compressed Natural Gas as way to reduce gasoline and diesel expenses.

Energy efficiency projects will be the word of the day. Cost avoidance, and combining resources will be critical.

Finally, the overall economic climate over the last three years has had a negative impact on every revenue source that makes up our city budget. Everything from permit fees, interest income, to our grand list have taken a tremendous hit during this recession.

One of the strategies that we will use to help increase our revenues is to assess every asset that the City of Danbury owns, and to make a determination whether we are deriving the highest amount of revenue from a particular asset.

Danbury Airport is one of those assets. With more than 180 acres of prime real estate centrally located at the intersection of Rt. 7 and I-84, Danbury Airport is positioned to generate a tremendous amount of revenue for our city.

Currently, we receive approximately \$200,000 a year in fees and registrations. In turn, we spend a significant amount of resources, and bear a significant amount of liability that goes with owning a general aviation airfield in a highly populated area.

If we are going to make structural changes to our city's finances, and if we are going to reduce the burden of funding our government from property taxes, then we must look at this asset as a platform to create an additional revenue stream for the City of Danbury.

To that end, I am announcing tonight that I am appointing a Task Force to review the economic impact of the Airport, and to study and make recommendations on ways to maximize revenue at the facility.

BUDGET:

The initial 2011-2012 budget requests totaled \$222.9 million, which is an increase of \$13.6 million from our current budget. After careful review and many hours of work, we have reduced the overall increase from \$13.6 million to \$6.67 million.

City department spending has actually been reduced by almost \$200,000.

We have eliminated 12 unfilled positions and continue to defer filling 34 positions for a total of 46 positions that have either been eliminated or will remain vacant.

At the start of 2001, our employee head count was 564 FTE's. Ten years later and with 6,000 new residents living in Danbury, the 2011/12 employee head count will be 563 FTE's.

Government in Danbury has not grown, but, unfortunately, many of our fixed costs have.

As mentioned above, the increase in our spending plan is confined to pension costs, education, insurance, energy, and debt service.

As we crafted our new spending plan we took into account initiatives that will save money through a variety of different efficiency programs.

PUBLIC SAFETY:

In the area of Public Safety we have begun the planning process for what will be a historic movement to implement a regional dispatch center at the new Danbury Police Headquarters.

Over the last several months, I have been meeting with the First Selectmen of Ridgefield, Bethel, Brookfield, and Newtown about the possibility of merging our public safety dispatch centers as way to reduce cost and gain greater efficiencies.

Our regional dispatch center will serve approximately 150,000 residents and will host the regional 911 PSAP. It will be responsible for dispatching Fire, Police, and EMS services out of one call center. It will be staffed by civilians who will work for a private non-profit entity called Northwest Communications. Northwest is already providing our CMED services as well as dispatching Ambulance and Fire Departments throughout Connecticut.

Although common throughout the rest of the country, a regional dispatch center that dispatches Police, Fire and EMS services in Connecticut would be a first. The State of Connecticut provides a substantial amount of reimbursement dollars as well as planning grants for any group of communities that opt into a regional dispatch center as an incentive to work together and as a way to reduce duplication of services. While the financial benefits for our community are important, the operational benefits are even more important.

By our communities working together on a regional basis, we will deliver better services, faster response times, and better communications across the city and town lines. Our residents will see a more coordinated response should we be faced with a regional catastrophic event.

In addition, I have directed our Human Resources Department to move forward with the plan to civilianize the front desk operations of the Police Department as a way to save additional overtime and as a way to put more officers on the street.

On the capital side, I have included dollars to of patrol replacement vehicles, and dollars for an AirPac replacement program for our Fire Department.

ECONOMIC DEVELOPMENT:

Several months ago the Danbury Main Street Renaissance Task Force recommended that we restore the position of Director of Economic Development to full time. To that end I have included dollars in this budget to move the Director of Economic Development position to full time status.

An important of responsibility for this position, will be to work with the Danbury Main Street Partnership as it begins to implement the recommendations of the Main Street Task Force report.

Creating new taxpayers and generating economic activity will help us improve our revenue..

My administration has already taken a leadership role in formalizing a 10-town Comprehensive Economic Development Strategy Board that, like our Public Safety Regional Dispatch Center, will yield efficiencies at attracting economic growth on a regional level, and will help qualify us for federal grants to help market Danbury and the Greater Danbury Area.

EDUCATION:

While we have reigned in spending on the operational dollars on the City side of the budget, and while I have eliminated 12 positions and have left 34 positions vacant for next year, I am proposing an increase to the education budget of 1 million dollars over last years spending.

I recognize that this is significantly below the requested \$4.2 million increase requested by the Board of Education, unfortunately, we simply cannot provide a greater increase to the school budget beyond what our residents are able to afford.

Foreclosures in Danbury are at an all-time high, and while still the lowest in the state, unemployment has doubled since 2003-2004 budget year-- the capacity of our residents to support large tax hikes is simply not there.

We also are providing a substantial amount of dollars for the schools that the public may not be aware of.

For example, of the \$2 million additional dollars that have to go into the pension fund, over \$1 million is due to the Paraprofessionals in the Danbury Public Schools who participate in the General Employees Pension fund.

On the Capital side, tonight we are asking you to program renovation projects at The Alternative Center, Danbury High School, Stadley Rough School, Broadview Middle School, King Street Primary, King Street Intermediate, Mill Ridge Primary, and Park Avenue School.

All of these projects are designed to increase our energy efficiency and lower the bottom line for the Danbury Public Schools. For example at Danbury High School we will be replacing the boilers with new energy efficient boilers.

I ask you, does it make sense to replace the boilers at Danbury High (which have not been replaced since the 1960's) without replacing the windows of the building that have not been replaced in 30 plus years? Probably not, that is why we are proposing to do both.

All of these expenses are rarely considered when we think of education spending, yet they impact our bottom line and are an important contribution from our taxpayers.

SEWER AND WATER:

This year I am proposing no increases to our sewer and water rates.

BUDGET ASSUMPTIONS:

There are some key budget assumptions that I want to point out to you.

As you are aware, we have been negotiating a proposal to develop 13 acres of city owned property off of Old Ridgebury Rd. Rather than lease the property with an up front payment, I am proposing that we sell the property outright and assume the revenue in our budget.

We are also assuming that the current proposed state budget and its municipal aid will make it through the legislative process. Should the Governor or the Legislature cut our municipal aid as part of the final state budget negotiations, we may have to revisit our spending plan-- this will mean draconian reductions across the board that I am sure will result in layoffs and a dramatic reduction in services.

Contrary to popular opinion, the Governor's proposed budget does not treat Danbury well. In the proposed budget, we had to assume a cut of \$1.5 million in an important state reimbursement program and our Board of Education lost \$250,000 in the Priority School District Grant.

I know the Malloy administration will argue that the replacement revenue streams such as the added sales tax will make up the loss of these grants. Unfortunately when add up all state aid to Danbury, that is simply not the case.

SUMMARY:

To implement our budget, I am proposing an increase to our mill rate by .73 mills to 21.69.

As you may recall, during last years budget process we agreed to delay the phase in this year of the last round the state mandated reevaluation.

Finally, we will continue the tax freeze for our senior citizens.

In summary, the proposed spending plan for the 2011-2012 fiscal year will be challenging and difficult for our departments as well as for our residents.

With exception of recurring expenditures, departmental spending has been cut by approximately \$200,000.

I am proposing eliminating 12 vacant positions and leaving 34 vacancies unfilled.

By eliminating these positions, we are avoiding the possibility of layoffs for this year.

I am proposing no increase to our sewer and water rates.

I am not proposing any new fees or surcharges.

I am proposing a number of long term cost avoidance measures that I believe are visionary and forward thinking.

A combined regional dispatch that will enhance safety and lower our expenses.

Civilianizing our front desk operations to lower overtime expenditures in the Police Department.

Energy efficiency projects for our schools and our public buildings that will save on heating and cooling costs.

Structural changes to our system of employee benefits.

Increase the funding of the Office of Economic Development for a full-time Director.

Tonight, I ask the for Council's cooperation as they deliberate over this plan. While today, our finances are on firm financial footing, we must have the political courage to make the necessary structural changes to avoid the problems that other cities of similar size have faced.

Ladies and Gentlemen, I believe in Danbury. I believe in our residents, our employees, our business community, and our faith based community.

We are blessed with so many assets. A world class hospital, a tremendous University, a vibrant business community, and a quality of life that we can all be proud of.

The challenges that I have outlined will be difficult, but if we make the decisions outlined in this spending plan, we will be able keep Danbury moving forward.

Because I believe that our best days lie yet ahead..

God Bless America and God Bless the great City of Danbury.