

Mayor's Proposed FY 2017/18 Budget

Operating & Capital Budget Overview

March 13, 2017



David R. Martin
Mayor

Agenda

- Introduction
- Financial Overview
- Operating Budget
 - Expenditures
 - Revenues
- Capital Budget
- Conclusion

State Fiscal Situation

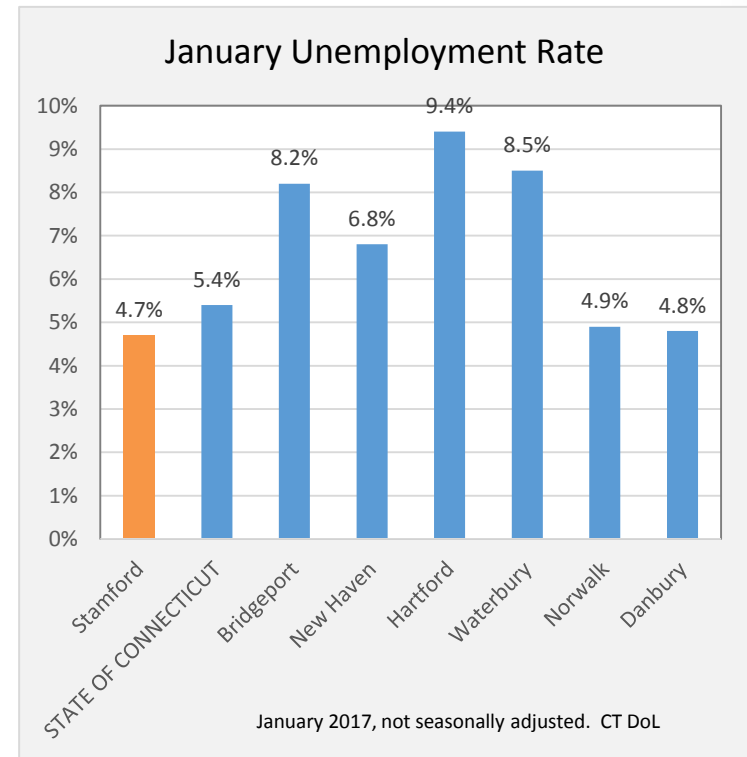
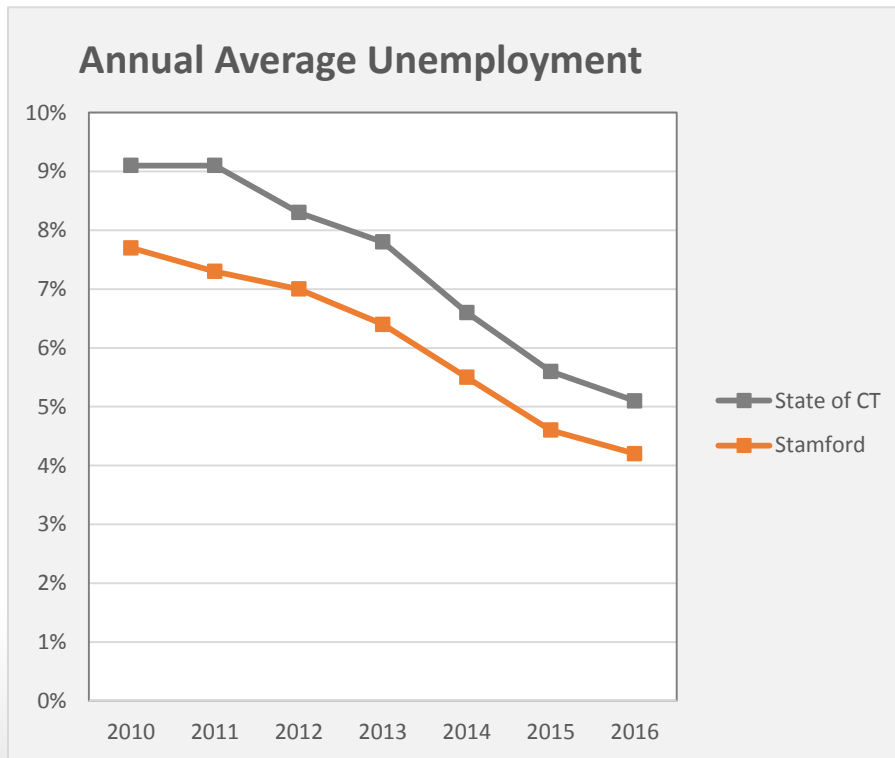
Connecticut's Perpetual Fiscal Crisis

*“Poised on a financial cliff, (CT) vies for worst... condition in the nation as some of its municipalities look like they're on the road to possible bankruptcies.” **

- State budget crisis
- \$1.7 billion deficit for FY17/18
- State struggling with unfunded liabilities
- Major cities in state close to going bankrupt
- Uncertainty of municipal funding; unlikely to be resolved until after we set the mill rate

Stamford's Environment

- Projecting \$1.5M FY16/17 surplus
- Increase in unplanned conveyance transactions & building permit fees, but don't expect that to continue
- Real property tax collection rate remains strong at 98.9%
- Commercial vacancy rate remains high



Stamford's Budget

Establishing the Foundation to Make Stamford Strong for the Future

- Continued progress on fully-funding pension & OPEB obligations
- Retaining current level of services
- Making selective investments in local social service organizations
- Critical positions funded for long-term vitality of city services
- Uncertainty of state funding

Challenge Posed by State Uncertainty

- Current fiscal year, Stamford was cut \$250,000
- State will likely not pass 2017/2018 budget until June, or later
- City will set mill rate without knowing full extent of state funding amounts
 - Stamford could be anywhere from up \$6 million to down \$8 million from FY16/17 funding levels

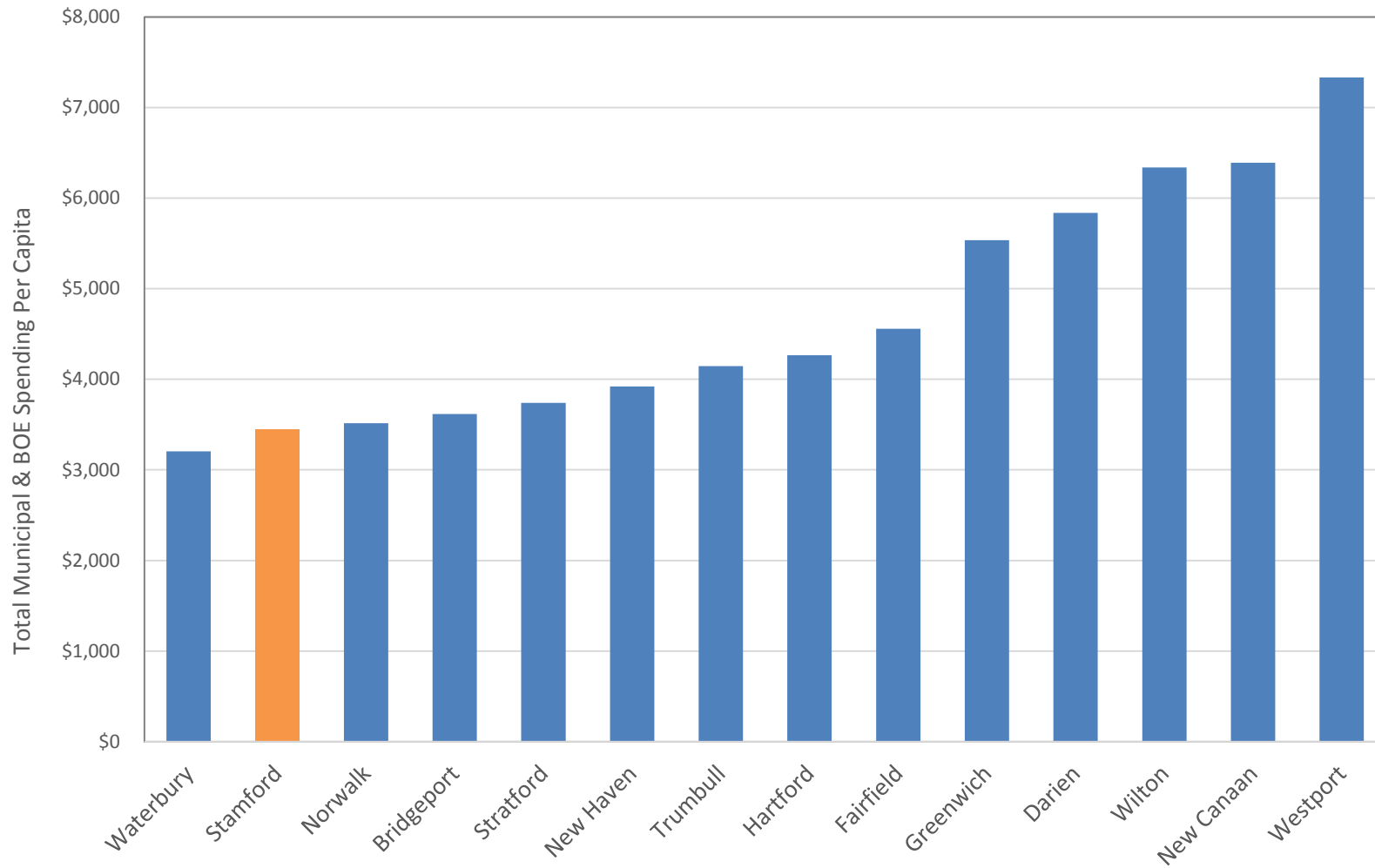
Funding Type	Difference from FY17	
Teacher Pension	-\$14 million	?
Hospital Tax	+\$8 million	??
ECS	+\$5.5 million	??
Special Education	+\$6 million	?
MRSA	+\$1 million	?
Total	+\$6.5 million	???

Continuing Commitment to Strong Financial Integrity Having Positive Impact

- Continuing to fund pension & OPEB obligations
- Stamford's financial position is strong
- Standard & Poor's Reaffirmed our AAA bond rating
- Focus on cost savings and improved management to keep spending down

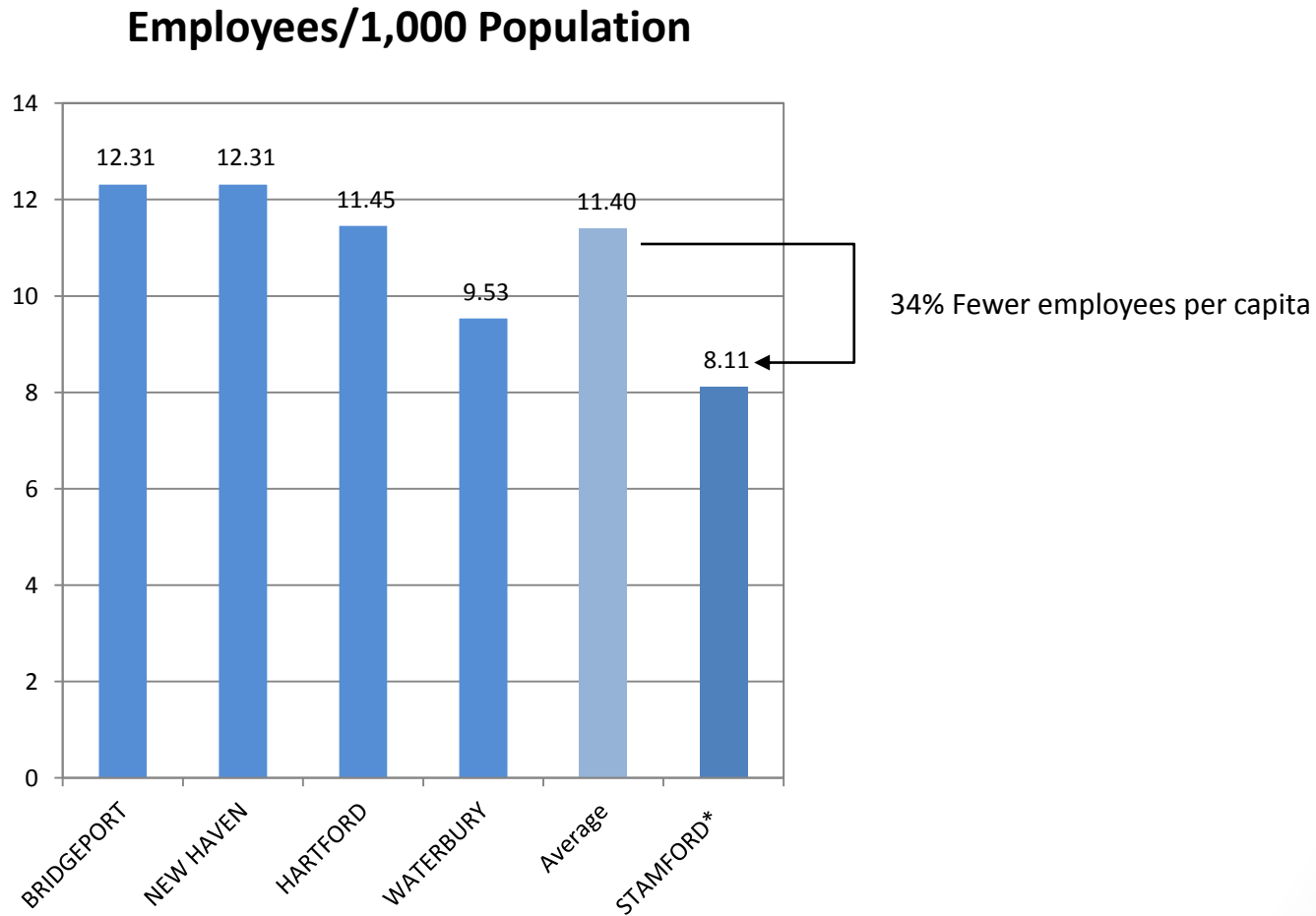
2012 Spending per Capita

Lower Fairfield County & Cities Over 100K Population



Source: *Taxes at Home: A Comparison of Municipal Spending*
Yankee Institute for Public Policy - August 2015
Stamford spending adjusted for Smith House

Comparison of Full Time Employees Stamford vs. Other Cities



* Excludes employees assigned to BoE and Nursing Homes

Proposed Tax Change

- Proposing 3.62% increase
- With your careful and judicious reductions, we can get below 3%

Proposed Operating Budget



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Budget Priorities

Quality of Life Services

- Maintain level of services
- Ongoing improvements of critical services:
 - Increasing number of police officers
 - Adding building inspectors
 - Recycling as recycling rate increases
 - Parks and Recreation Bureau Chief
 - Economic Development
 - Land Use to help with low-income housing
 - Human resources for city employee benefits
- Continued funding for cultural, youth and social services organizations
- Keeping direction set last year with volunteer firehouses

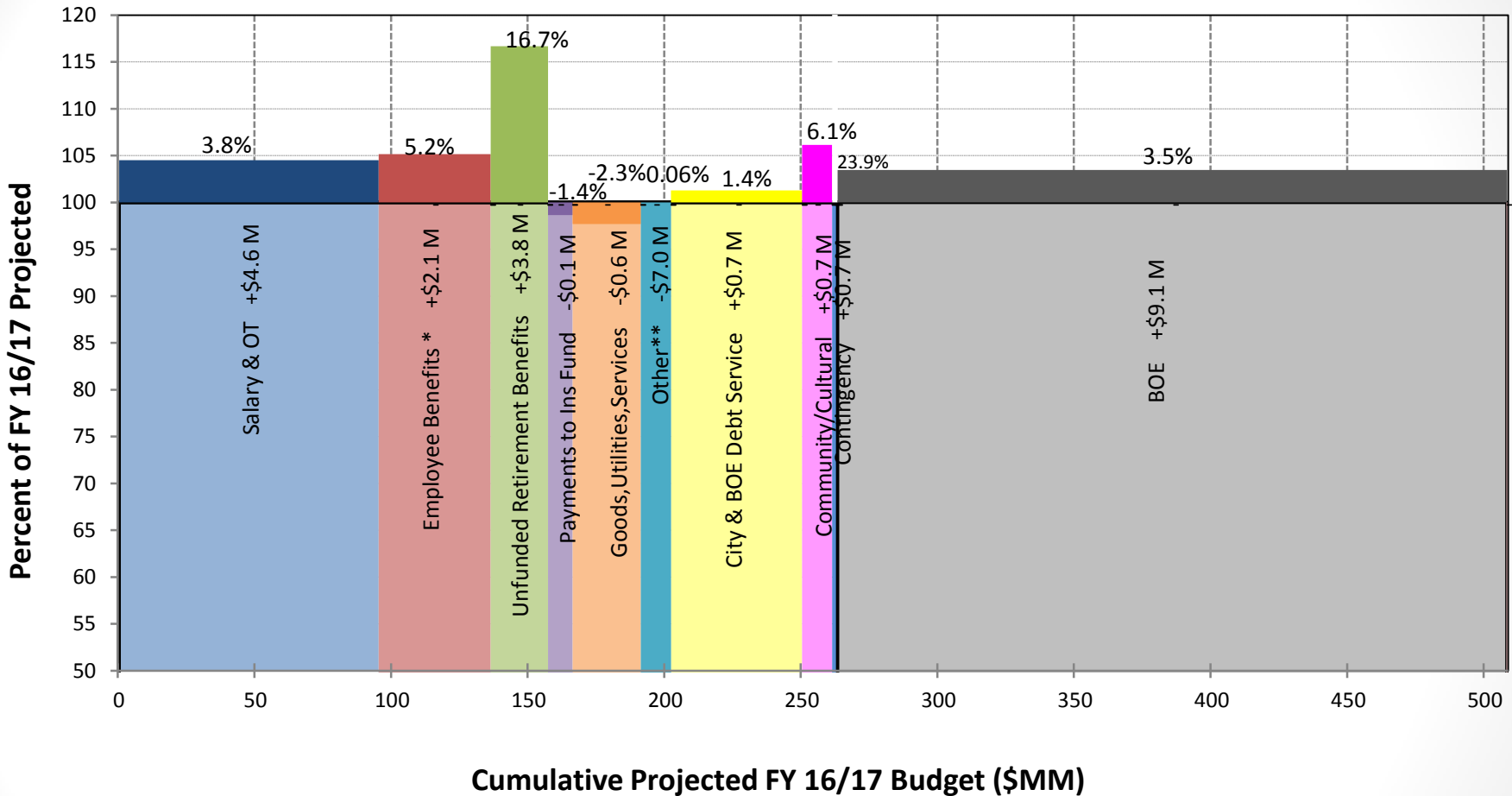
Operating Budget

	Proposed Budget	\$ Change over 2016-17 Projected	% Change over 2016-17 Projected
City Current Operating	\$156.6 M	5.5 M	3.6 %
Unfunded Benefits	\$26.2 M	3.8 M	16.7 %
Other Employee Benefits	\$46.0 M	2.1 M	4.9 %
BOE	\$278.0 M	9.3 M	3.5 %
City & BOE Debt Service	\$52.2 M	.7 M	1.4 %
Contingency	\$3.4 M	.7 M	23.9 %
Total Budget	\$562.4 M	22.1 M	4.1 %

Proposed Mill Rate Increase: 3.62%

Expenditure Drivers by Category

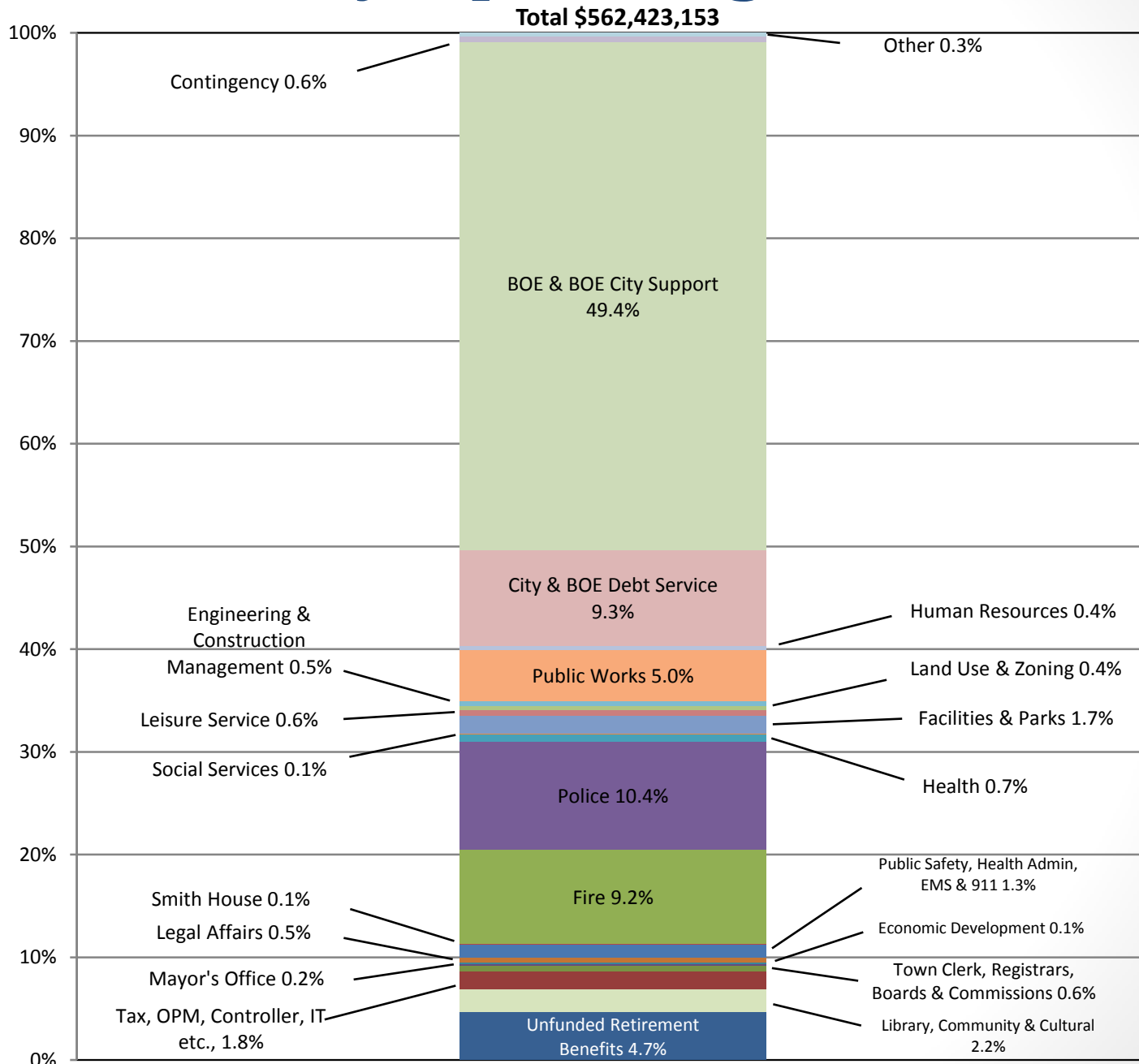
Proposed FY17/18 vs Projected FY16/17



* Employee benefits include healthcare, and normal cost for Pensions & OPEB

** FY16/17 Projected Other includes reserves for retroactive wage settlements

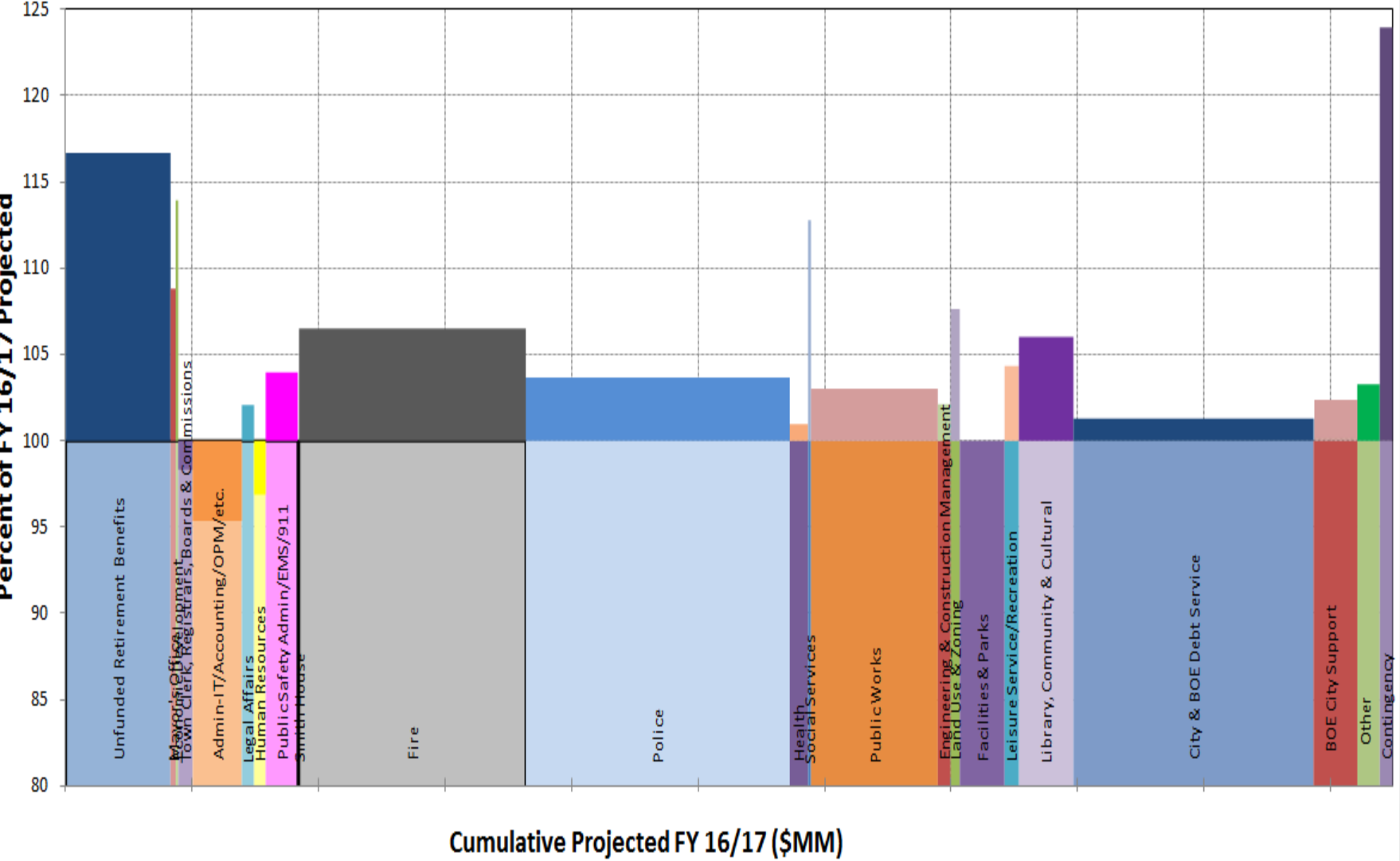
Expenditure by Operating Function



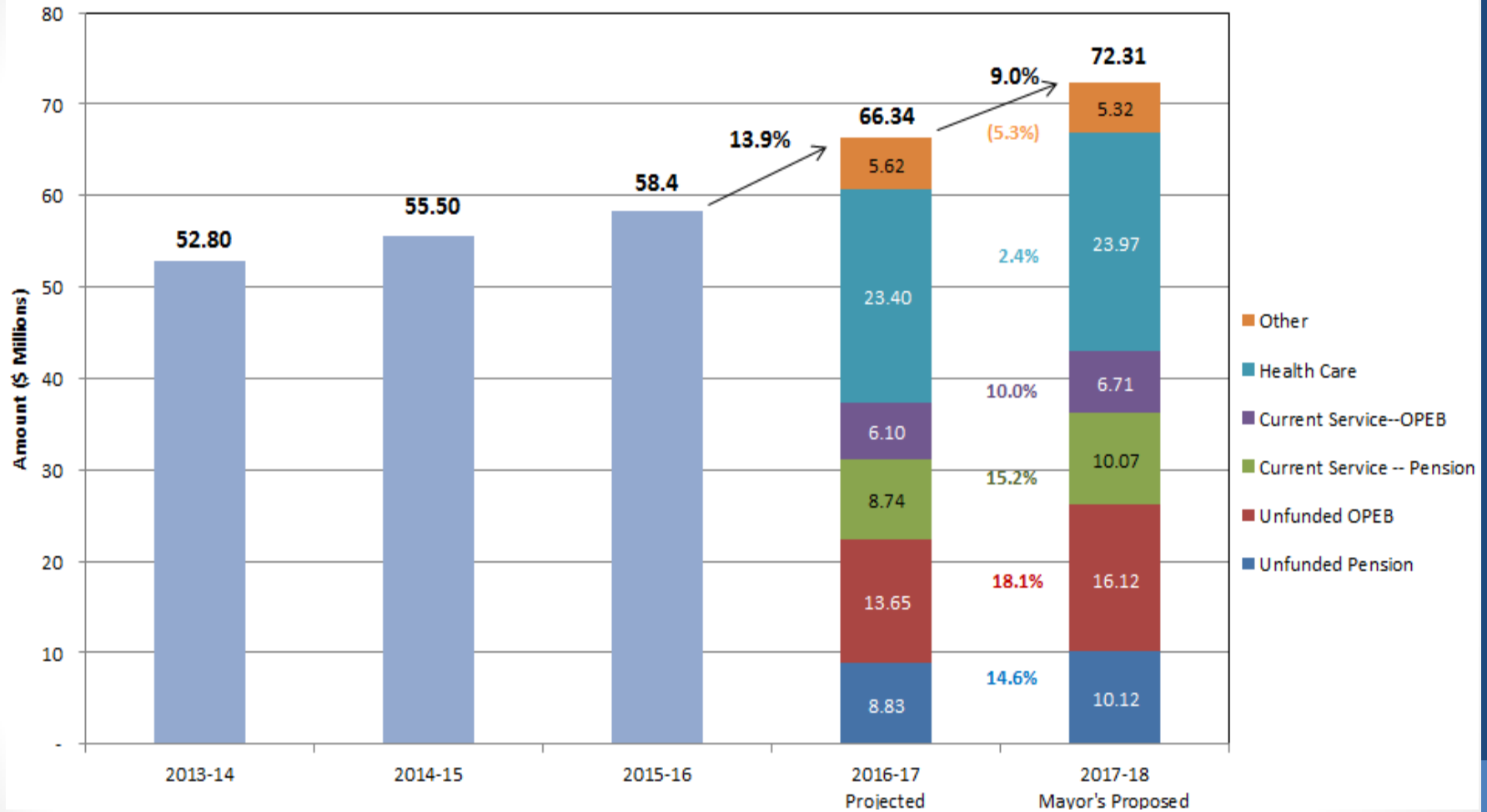
Drivers of Mill Rate Change

	2016-17 to 2017-18
	Effect on Mill Rate
BOE & City Support to BOE	1.87%
Salary & Overtime	0.77%
Unfunded Pension & OPEB	0.76%
Normal Costs for Pension & OPEB	0.42%
TIFFs	0.18%
Community & Cultural	0.14%
Contingency & Other	0.14%
Active Medical & Life	0.11%
City & BOE Debt Service	0.08%
Other Reserves	0.08%
Other Employee Benefits	0.07%
Other	(0.06%)
Effect of Grand List Growth	(0.94%)
Change in Mill Rate	3.62%

Proposed FY17/18 vs Projected FY16/17 by Operation (excludes BOE)



Total Amount Spent – City Employee Benefits



Revenues & Reserves



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Change in Grand List

FY 2017/18 Grand List:	\$19.73 billion
FY 2016/17 Grand List:	\$19.56 billion
Increase:	0.17 billion
% Increase:	0.89%
% Increase TIFF:	(0.15%)
Net Tax Impact	0.74%

Increased Reserve Requirements

Elderly Tax Credits	\$0.10M
Tax Appeals	\$0.00M
Mill River TIFF	\$0.20M
Harbor Point TIFF	\$0.60M
Linkage	\$0.04M
Non-Profit Tax Credit	No change
Uncollected	\$0.30M
Contingency	\$0.70M
Total Change	\$1.94M

Revenue Changes

<i>City Revenue Changes</i>	<i>Proposed Budget</i>	<i>\$ Change from 2016-17 Projected</i>	<i>% Change from 2016-17 Projected</i>
Prior Year Collections--Levy	\$4.4M	\$0.2M	4.7%
Principal & Interest on Delinquent	\$2.6M	-\$0.2M	-7.1%
Prior Year Motor Vehicle	\$0.5M	\$ 0.2M	66.7%
Supplemental Auto	\$3.5M	\$0.2M	6.0%
Building Permits	\$5.7M	\$0.1M	1.8%
Conveyance Tax	\$5.5M	-\$1.5M	-21.4%
Land Use and Zoning Fees	\$0.5M	\$0.1M	25.0%
Parking Fund	\$1.8M	\$0.8M	80.0%
State Funding – Municipal Grants-in-Aid	\$0.0M	-\$0.4M	-100.0%
Other State Funding	\$19.4M	-\$0.3M	-1.5%
Other	\$20.4M	\$0.0M	0.0%
Overall Decrease	\$64.4M	-\$1.1M	-1.7%

Summary Sheet

	<i>FY 16/17 Projected</i>	<i>FY 17/18 Proposed</i>	<i>Change</i>
Total Budget	\$537.7M	\$559.0M	\$21.3M
Contingency	\$2.8M	\$3.4M	\$0.6M
Projected Surplus	\$1.5M	\$0.0M	-\$1.5M
Expense Subtotal	\$541.9M	\$562.4M	\$20.4M
Revenue	\$56.8M	\$55.6M	-\$1.2M
Net Amount to be Raised	\$485.2M	\$506.8M	\$21.6M
Reserves	\$18.8M	\$20.1M	\$1.3M
Total Gross Levy	\$504.0M	\$526.9M	\$22.9M
Grand List	\$19,558M	\$19,732M	\$174.0M
Average Mill Rate	25.77	26.70	0.93 or 3.62%

Proposed Capital Budget



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Capital Budget by Funding Source

	Department	Planning Board	Mayor's Proposed
G.O. Bonds--City	\$98.0M	\$30.7M	\$19.8M
G.O. Bonds-Self Supporting	\$0.6M	\$0.6M	\$0.8M
State Grants	\$1.5M	\$1.5M	\$2.4M
Capital Non-Recurring	-	-	\$4.2M
Linkage	\$0.1M	\$0.1M	\$0.1M
General Fund Transfer	-	-	\$0.2M
	\$100.2M	\$32.9M	\$27.5M

GO Bonds in Capital Budget: \$20.6M + AUI to be funded: \$4.4M
 → Safe Debt Limit: \$25 million

Capital Budget Total

	Proposed Capital Budget
G.O. Bonds	
- BOE	\$5.0M
- All other City projects	\$15.6M
Grants & Other	\$2.7M
Short Term (Capital non-recurring) or 10 Year Bonds	\$4.1M
WPCA Bonding	\$0.0M
Total Capital Budget	\$27.5M
Total Long-Term Local Funding in Capital Budget	\$20.6M
Bonding of Authorized But Unissued (AUI)	\$4.4M
Safe Debt Limit	\$25.0M

**Projected remaining AUI Balance = \$30.1M

Major Projects – 200 Strawberry Hill Avenue



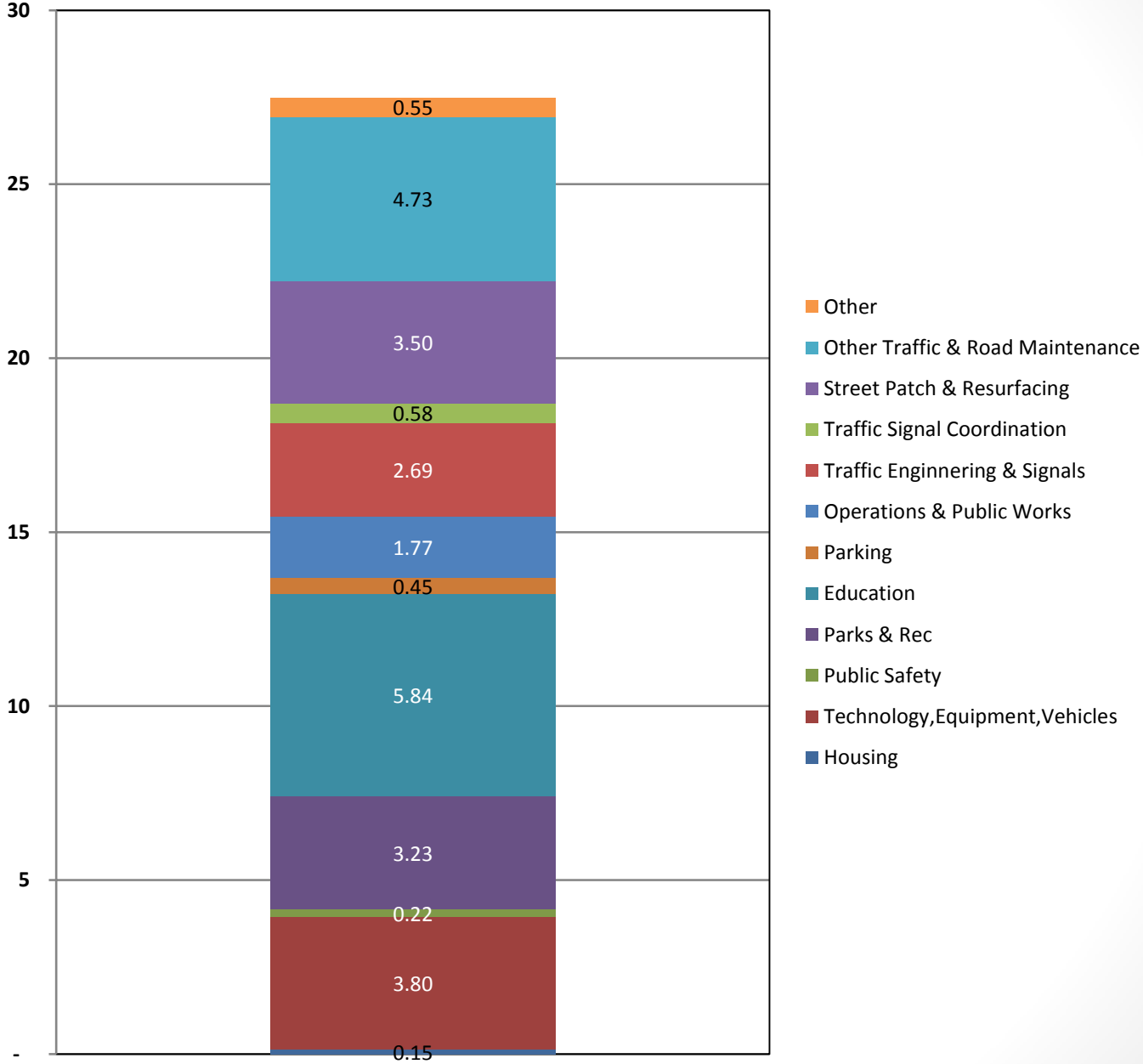
- Phase 1 light renovation completed
- K-1 students started in September 2016
- Phase 2 contract bids due this month
- School will eventually be K-8

Police Headquarters

- Hoyt-Barnum House was safely relocated in November, 2016
- Construction contract has been awarded
- Ground breaking took place in February & construction has begun



Proposed Capital Budget by Activity (\$ Millions)



Summary

- Establishing the foundation to make Stamford strong for the future
- Proposed budget reflects a 3.62% tax increase; but with careful & judicious reductions can result in less than a 3% tax increase
 - Addresses growing healthcare and pension obligations
 - Protects vital services for the citizens of Stamford
- Maintaining services despite pressure of unfunded retirement benefits
- Uncertainty of the state budget