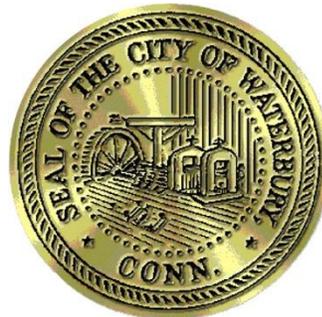


MAYOR'S PROPOSED BUDGET

FOR THE FISCAL YEAR END JUNE 30, 2021

BUDGET 2020-2021



Submitted on April 1, 2020

Presented on April 6, 2020

FY 2021 Budget Development

The Mayor's Budget Development Committee



Neil M. O'Leary, Mayor

Mackenzie Demac, Chief of Staff

George D'Agostino, Chief Advisor to the Mayor

David Lepore, Advisor to the Mayor

Sarah Geary, Policy and Budget Management Specialist

Michael LeBlanc, Director of Finance

Special thanks to the Photostat Unit of the Town Clerk's Office and Information Technology for assistance with the printing and distribution, website uploads, and presentation materials.

A Challenging Budget Year



\$ 10.4 Million Gap Between
Department Requests and Projected Revenues

Cost Summaries

FY21 Budget Data

FY21 Department Requests	\$425,791,899
FY20 Adopted Budget	\$415,406,796
Overall Budget Increase	\$10,385,103
Operating % Increase over previous year	+2.50%
FY21 Mayor's Proposed Budget	\$421,264,894
FY20 Adopted Budget	\$415,406,796
Overall Budget Increase	\$5,858,098
Operating % Increase over previous year	+1.41%
Diff between Dept Requests & Mayor's Proposal	(\$4,527,005)

FY 2021 Increases

FY21 Budget Increases By Category

Education	\$0
Health Insurance Contribution	\$0
Debt Service Contribution	\$0
Contingency	\$200,000
ISF and Other Operating Charges	\$443,231
Pension	\$313,828
Public Safety	\$2,105,454
Public Works	\$316,813
Other Departments	\$2,478,772
Total Increase	\$5,858,098

Scrutinizing Every Expenditure

CITY OF WATERBURY MAYOR'S PROPOSED BUDGET FYE JUNE 30, 2021 EXPENDITURE SUMMARY									
APPROPRIATION DESCRIPTION	AUDITED ACTUALS FY17	AUDITED ACTUALS FY18	AUDITED ACTUALS FY19	FY20 ADOPTED BUDGET	FY21 DEPT. REQUESTS	FY21 MAYOR'S PROPOSED BUDGET	MAYOR'S PROPOSED CHANGES	FY21 CHANGES \$	FY21 CHANGES %
TOTAL GENERAL FUND	\$407,668,679	\$405,221,343	\$412,831,671	\$415,406,796	\$425,791,899	\$421,264,894	(\$4,527,005)	\$5,858,098	1.41%

Total Department Requests:
\$ 425,791,899

Mayor's Proposal:
\$ 421,264,894

Expense Reduction: \$ (4,527,005)

FY 2021 Budget Points

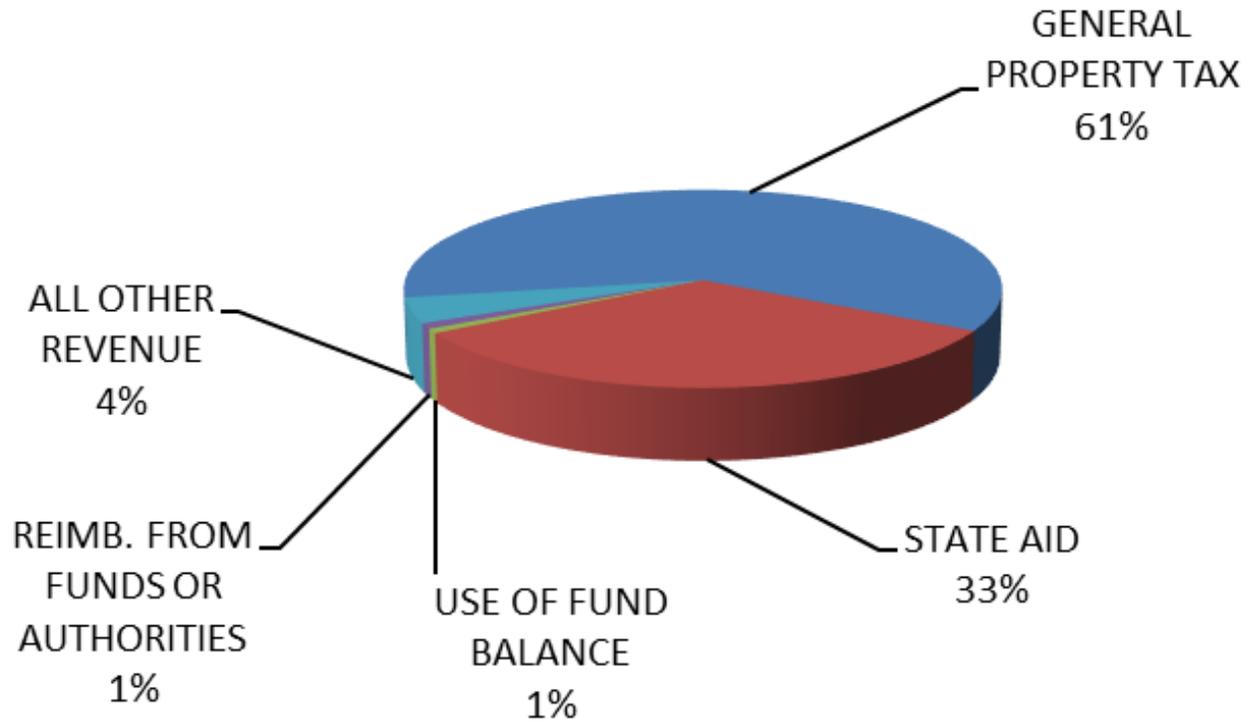
- **The Mayor's Proposed Budget for FY21 is the fifth budget to contain the use of two separate mill rates.**
 - **The proposed real estate and personal property mill rate is 60.21, which is the same as FY20.**
 - **The proposed motor vehicle mill rate is 45, which is the same as FY20. State law currently caps the motor vehicle mill rate at 45 mills. The City is expecting to receive a motor vehicle tax grant in the amount of \$7.7 million to account for the lost local property tax revenue due to the motor vehicle mill rate being less than the real estate and personal property mill rate.**
- **The Water and Sewer rates are being held at the same level as FY20.**

FY 2021 Budget Points, cont'd

- **Waterbury's Education Cost Sharing (ECS) grant is anticipated to be a total of approximately \$150.1 million. The General Fund portion is expected to be \$113.6 million, while the Alliance Grant, which is sent directly to the Board of Education, is expected to be \$36.5 million. This represents an Alliance Grant increase of \$7.1 million compared to FY20.**



City of Waterbury FY21 Revenue



Mill Rate Analysis

MILL RATE COMPUTATION: REAL ESTATE AND PERSONAL PROPERTY	FY21
OCTOBER 1, 2019 GRAND LIST - NET OF EXEMPTIONS	\$4,011,750,245
PROJECTION FOR LOSS THROUGH APPEALS (1.50%)	(\$60,176,254)
ESTIMATE OF TAXABLE GRAND LIST (NET OF 1.50%)	\$3,951,573,991
100% OF TAX LEVY AT 60.21 MILLS	\$237,924,270
TAX CREDITS FOR ELDERLY & DISABLED - STATE	(\$900,000)
TAX CREDITS FOR ELDERLY & DISABLED - LOCAL PROGRAM	(\$325,000)
100% OF LEVY NET OF TAX CREDITS	\$236,699,270
BUDGET BALANCING ENTRY	\$0
PROJECTED 96.0% COLLECTION RATE OF NET LEVY	\$227,231,299
MILL RATE COMPUTATION: MOTOR VEHICLES	FY21
OCTOBER 1, 2019 GRAND LIST - NET OF EXEMPTIONS	\$467,617,359
PROJECTION FOR LOSS THROUGH APPEALS (0.15%)	(\$701,426)
ESTIMATE OF TAXABLE GRAND LIST (NET OF 0.15%)	\$466,915,933
100% OF TAX LEVY AT 45 MILLS	\$21,011,217
100% OF LEVY NET OF TAX CREDITS	\$21,011,217
BUDGET BALANCING ENTRY	\$0
PROJECTED 96.0% COLLECTION RATE OF NET LEVY	\$20,170,768

The proposed FY21 budget uses a calculated Mill Rate of 60.21 for RE/PP and the State designated Mill Rate of 45.00 for MV.

FY2021 Non-tax Revenue

REVENUES OTHER THAN TAXES	FY20 ADOPTED BUDGET	FY21 MAYOR'S PROPOSED BUDGET	FY21 BUDGETARY CHANGES	FY21 % DIFF.
PAYMENTS BY OTHER JURISDICTIONS	\$23,505,013	\$23,205,199	(\$299,814)	-1.28%
OTHER FINANCE DEPARTMENT REVENUE	\$11,330,000	\$11,155,000	(\$175,000)	-1.54%
USE OF FUND BALANCE	\$3,000,000	\$3,000,000	\$0	0.00%
REIMB. FROM FUNDS OR AUTHORITIES	\$4,054,871	\$3,919,696	(\$135,175)	-3.33%
EDUCATION GRANTS & OTHER REVENUE	\$117,257,182	\$117,512,182	\$255,000	0.22%
ALL OTHER DEPARTMENTS	\$5,707,250	\$5,520,750	(\$186,500)	-3.27%
TOTAL REVENUES	\$164,854,316	\$164,312,827	(\$541,489)	-0.33%

FY 2021 State Aid

City of Waterbury
STATE AID SCHEDULE - FY21

EXHIBIT G
1

REVENUE DESCRIPTION	FY17 CITY RECEIPTS	FY18 CITY RECEIPTS	FY19 CITY RECEIPTS	FY20 CITY ADOPTED BUDGET	FY21 STATE ADOPTED BUDGET	FY21 INCREASE (DECREASE)
<u>STATE AID - FORMULA GRANTS - CITY</u>						
P.I.L.O.T. -- State Owned Real Property	\$3,896,947	\$3,021,121	\$3,021,121	\$3,021,121	\$3,021,121	\$0
P.I.L.O.T. -- Colleges and Hospitals	\$5,406,535	\$3,708,103	\$3,708,103	\$3,706,103	\$3,706,103	\$0
PEQUOT -- State Properties Grant	\$2,915,126	\$2,887,435	\$2,637,435	\$2,637,435	\$2,637,435	\$0
Municipal Revenue Sharing	\$3,141,669	\$3,141,669	\$3,284,145	\$3,284,145	\$3,284,145	\$0
Municipal Revenue Sharing- MRSA Motor Vehicles	\$13,438,542	\$8,651,176	\$7,412,524	\$7,742,795	\$7,747,981	\$5,186
Municipal Stabilization Grant	\$0	\$4,117,158	\$2,298,414	\$2,298,414	\$2,298,414	\$0
Subtotal	\$28,798,819	\$25,526,662	\$22,361,742	\$22,690,013	\$22,695,199	\$5,186
<u>STATE AID - FORMULA GRANTS - EDUCATION</u>						
ECS - Education Equalization Grant (without Alliance)	\$113,981,999	\$113,518,391	\$114,130,701	\$113,617,182	\$113,617,182	\$0
Subtotal	\$113,981,999	\$113,518,391	\$114,130,701	\$113,617,182	\$113,617,182	\$0

FY 2021 State Aid, cont'd

City of Waterbury
STATE AID SCHEDULE - FY21

EXHIBIT G
2

REVENUE DESCRIPTION	FY17 CITY RECEIPTS	FY18 CITY RECEIPTS	FY19 CITY RECEIPTS	FY20 CITY ADOPTED BUDGET	FY21 STATE ADOPTED BUDGET	FY21 INCREASE (DECREASE)
<u>STATE AID - REIMBURSEMENTS</u>						
Exemptions for the Elderly	\$660,162	\$19,152	\$18,566	\$20,000	\$20,000	\$0
Veterans Additional Exemption	\$123,019	\$109,887	\$107,712	\$150,000	\$100,000	(\$50,000)
Distressed Municipalities - Industrial Incentive Program	\$345,969	\$0	\$324,111	\$330,000	\$125,000	(\$205,000)
Special Education - Excess Cost & Agency Placements	\$2,179,210	\$2,244,369	\$2,435,438	\$2,200,000	\$2,200,000	\$0
Non-Public School Nurse Services	\$302,921	\$301,935	\$340,813	\$0	\$255,000	\$255,000
Special Education - Medicaid Grant	\$694,311	\$757,853	\$821,957	\$650,000	\$650,000	\$0
State Grants - Education - Other	\$182,199	\$171,922	\$137,128	\$175,000	\$175,000	\$0
Subtotal	\$4,487,791	\$3,605,118	\$4,185,723	\$3,525,000	\$3,525,000	\$0

FY 2021 State Aid, cont'd

City of Waterbury
STATE AID SCHEDULE - FY21

EXHIBIT G
3

REVENUE DESCRIPTION	FY17 CITY RECEIPTS	FY18 CITY RECEIPTS	FY19 CITY RECEIPTS	FY20 CITY ADOPTED BUDGET	FY21 STATE ADOPTED BUDGET	FY21 INCREASE (DECREASE)
Total	\$147,268,609	\$142,650,171	\$140,678,166	\$139,832,195	\$139,837,381	\$5,186

Total State Aid
\$ 139,837,381

Net Increase in State Aid
\$ 5,186

Revenue - 1

The following are notes on the revenue included in the Proposed Budget:

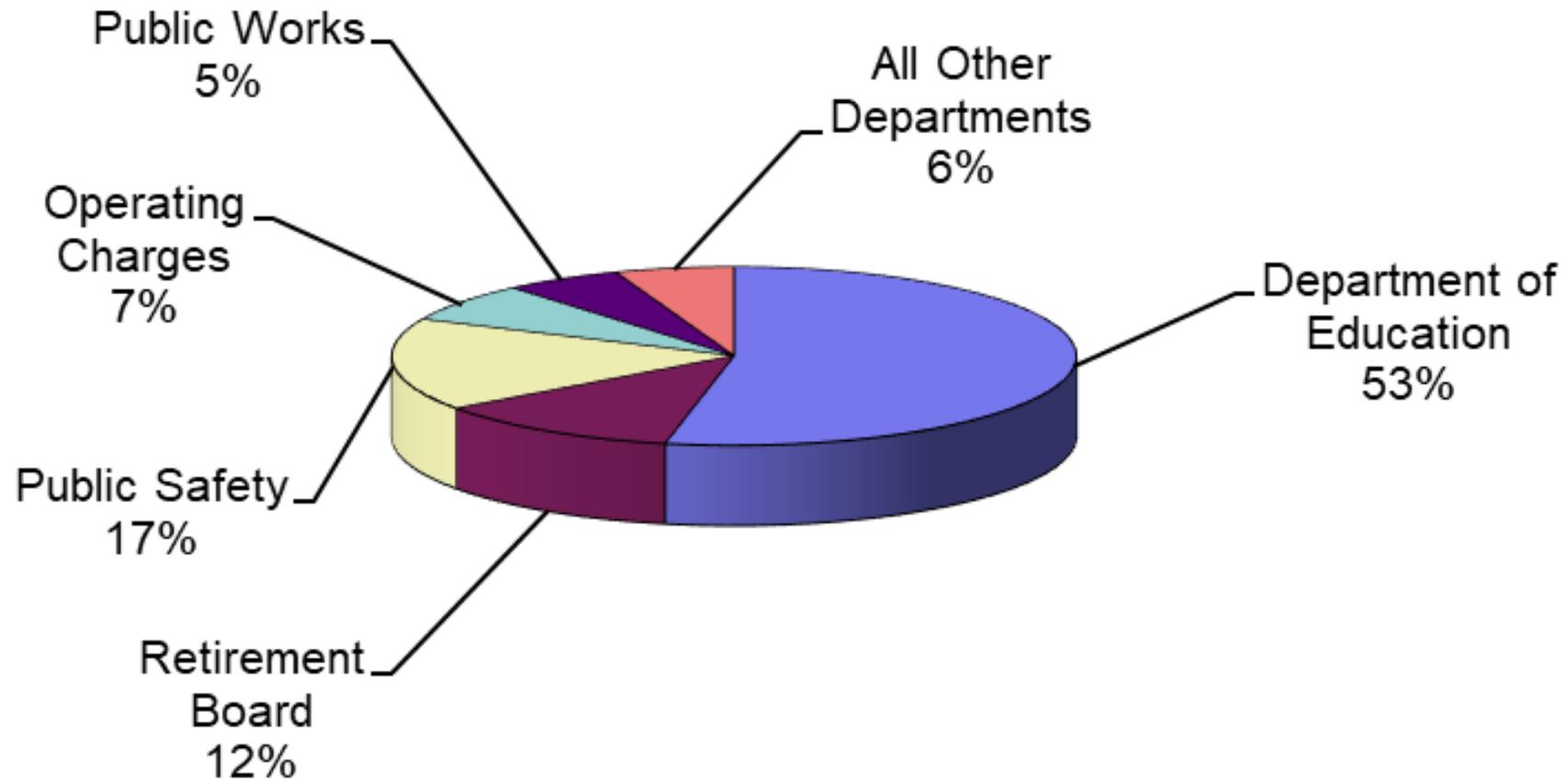
- **The Budget continues to reflect heavy reliance on two revenue line items to fund the majority of the budget; these are local property taxes at 61% and State Aid at 33% of the total Budget.**
- **The grand list as of 10/1/19 shows an increase of approximately \$155.6 million, or 3.6%, for a total grand list value of \$4.48 billion. This budget includes a computation for a GL decrease of 1.50% due to possible adjustments made by the Board of Assessment Appeals (BAA) for real estate and personal property and a decrease of 0.15% for motor vehicles.**
- **The tax collection rate is kept at the current estimated rate of 96.0%.**
- **At the proposed 96.0% collection rate, 1 mill is equal to \$3.774 million.**
- **All State Aid grant amounts included in the Mayor's proposal are based on the State's FY20-21 Adopted Biennial Budget.**

Revenue - 2

- **The General Fund portion of the ECS grant is expected to be \$113.6 million, while the Alliance Grant, which is sent directly to the Board of Education is expected to be \$36.5 million. Together these grants total \$150.1 million.**
- **The revenue derived from the current property tax line item was increased to \$247.4 million. This represents an increase of \$6.4 million derived from Grand List growth. In FY21, current tax collections consist of two line items, similar to FY20, due to the separate mill rates. The City will receive a motor vehicle property tax grant from the State in the amount of \$7.7 million to account for revenue lost due to the motor vehicle mill rate cap.**
- **The budget for delinquent prior year taxes is the same as FY20, for a total of \$3.8 million. The budget for the Supplemental Motor Vehicle Tax is the same as FY20 at \$2.65 million. The projections for interest on current and prior years' taxes also remain the same as FY20, totaling a combined \$3.1 million.**
- **The City is again budgeting for the potential use of Fund Balance in the amount of \$3 million; this is less than 1% of the Budget as City policy allows and should not be needed to balance operations as recent history indicates.**



City of Waterbury Appropriations - FY21



The Cost of Past Fiscal Liabilities

PENSION PLAN - FY21	TOTAL	Value of 1 mill	# of mills
Normal Cost Contribution	\$2,797,418	\$3,773,979	0.74
Accrued Liability & Debt Service Contribution	\$45,159,781	\$3,773,979	11.97
Total Pension Contribution	\$47,957,199		12.71
HEALTH BENEFITS - FY21	TOTAL	Value of 1 mill	# of mills
Contribution - Active Employees	\$33,921,174	\$3,773,979	8.99
Contribution - Retirees	\$42,078,826	\$3,773,979	11.15
Total Health Contribution	\$76,000,000		20.14
TOTAL PENSION & HEALTH - FY21	\$123,957,199	\$3,773,979	32.85

One of the largest sets of expenditures is associated with employee benefits. In the aggregate these expenses associated with pension and health insurance add up to approximately \$124 million.

Pension & Retiree Health Benefits	TOTAL	Value of 1 mill	# of mills
Accrued Liability & Debt Service Contribution	\$45,159,781	\$3,773,979	11.97
Health Contribution - Retirees	\$42,078,826	\$3,773,979	11.15
Total Contribution for Retirees - FY21	\$87,238,607		23.12

As may be seen above, the City is now paying the equivalent of 23.12 mills for liabilities that were previously incurred. In the absence of these payments the City could have expected to have a current RE/PP mill rate in the vicinity of 37.09 mills.

Appropriations - 1

Changes to the recommended appropriations of the City for FY21 are as follows:

- **The FY21 Mayor's Proposed Budget contains appropriations of \$421.3 million; \$5.9 million or 1.41% more than in FY20.**
- **The Mayor's Budget Subcommittee identified reductions of \$4.5 million necessary to contain budget growth and to reach a final proposed budget of \$421.3 million.**
- **The Contingency account has been budgeted at \$1.5 million to cover unanticipated or emergency expenses that may arise as well as potential shortfalls in the areas of fuel, utilities, snow removal and other various expense line items. Funding for potential general wage increases to be awarded in outstanding labor contracts is also included in the Contingency account.**
- **The FY21 Budget keeps the contribution to the Health Fund the same as FY20 for a total employer annual funding contribution of \$76 million. The City has been successful in realizing savings from the Medicare Enrollment Project and continues to pursue other cost saving measures in the area of health care. The Education Department will be making a contribution of \$6 million to the Health Fund in FY21.**

Appropriations - 2

- **The FY21 Budget increases the contribution to the Pension Plan by approximately \$273,000 for a total contribution in FY21 of \$48 million. The annual required contribution to the Pension Plan is increasing by \$733,000, while the contribution to pay down the outstanding pension obligation bonds is decreasing by \$460,000 for a net pension expense increase of \$273,000.**
- **The FY21 Budget keeps the contribution for debt service the same as FY20 for a total debt service contribution of \$22 million.**
- **The Department of Education's funding from the General Fund remains the same as FY20 at \$158.4 million. The amount the State sends directly to the Education Department, in the form of the Alliance Grant, is now approximately \$29.4 million and this grant is expected to increase by \$7.1 million for a total of \$36.5 million, based upon the State's FY20-21 Adopted Biennial Budget and FY21 budget adjustments proposed by the Governor.**
- **The amount of Employee Benefit costs the City pays on behalf of Education is projected at \$65.8 million. Including Benefits, the City spends 53% of its General Fund Budget on behalf of Education.**

Mayor's Proposed Budget



Balanced Budget
Revenues = Expenditures

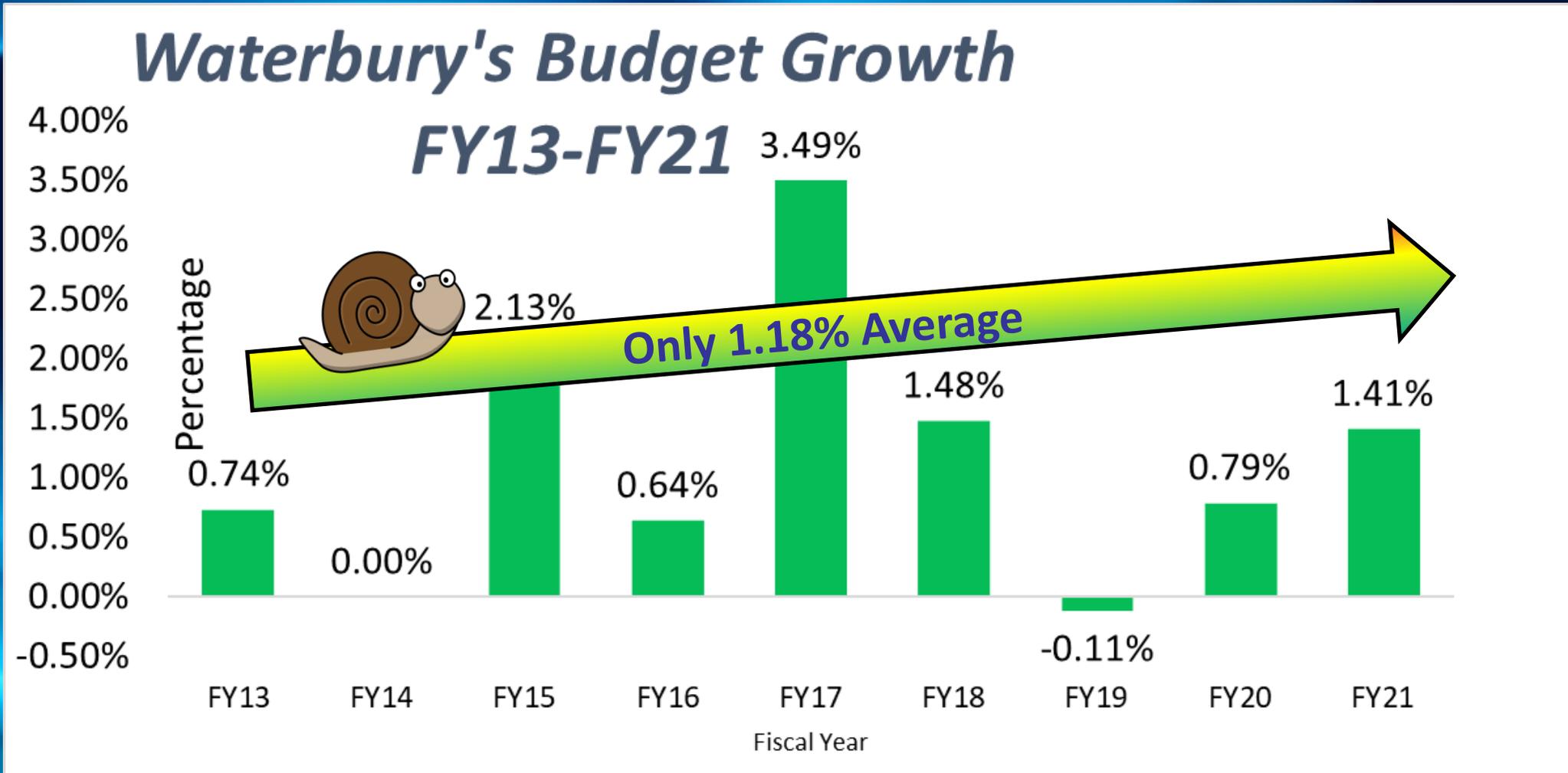
FY 2021 Funding Policies - 1

- **A commitment in FY21 to keep the local property tax burden stable.**
- **A continued commitment to the renewal and replacement of the City's Water and Sewer systems infrastructure.**
- **A continued commitment and inclusion of funds in the budget for the local portion of the Elderly Tax Credit, first adopted by the Board of Aldermen in FY15.**
- **A continued commitment to the educational needs of the City's students.**
- **A commitment to responsibly funding the City's Pension and Health Benefit obligations.**

FY 2021 Funding Policies - 2

- **A continued commitment to the fiscal health and “Reserve Fund Balances” of the City’s self-insured Internal Service Funds for Health Benefits, Workers Compensation, Heart & Hypertension, and General Liability.**
- **A continued commitment to funding a Contingency account within the budget for unanticipated costs.**
- **A continued commitment to the controlled authorization of bond financing for selective capital projects while leveraging state and federal grants whenever possible. New bonding for FY21 is recommended in the amount of approximately \$7.5 million.**

Slow Growth in Spending



Capital Funding Initiatives

Department Name	FY 2021 Budget
Department of Public Works	\$16,961,719
DPW – Central Vehicle Replacement Funds	\$1,405,000
Information Technology	\$182,000
Police Department	\$493,500
Fire Department	\$1,796,000
Silas Bronson Library	\$140,000
Finance Department	\$75,000
Education Department	\$1,680,000
<i>Total City Funds</i>	\$22,733,219
Water Pollution Control	\$14,435,000
Bureau of Water	\$5,405,000
<i>Total Enterprise Funds</i>	\$19,840,000
<i>Total All Funds</i>	\$42,573,219

**\$ 42.6 Million in
Capital
Improvements**

FY 2021 Capital Bonding

Proposed Bond Authorizations

Name of Project And Funding Source	Funding Source	Amount of Proposed Approp.
Chase Building Improvements	Bonds	\$5,000,000
Fire Stations: Rehabilitation and Renovation	Bonds	\$1,300,000
Golf Course Maintenance Equipment	Bonds	\$1,200,000
Total Capital Bond Appropriations		\$7,500,000

IN CONCLUSION:

- **The Offices of the Mayor and Budget Control will continue to closely monitor the current State Legislative session due to conclude on May 6th.**
- **Department Head budget discussion meetings and public hearings to be scheduled.**
- **Budget adoption by June 5th.**