



Honorable Mark D. Boughton
Fiscal Year 2008-2009 Budget Address
April 7, 2008

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

In accordance with the 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 Fiscal year 2008-2009.

Before I begin my budget details, let me say thank you to the legislative body of our city, the Common Council, and its leadership. Our Council spends hours working on the City's business in a voluntary capacity. In the coming month, they will be giving up their evenings and weekends to deliberate over this body of work. For their dedication and commitment we should all be thankful.

Of course our thank yous would not be possible without recognizing our Director of Finance David St. Hilaire and his team, Deputy Director of Finance Dan Garrick, and Assistant Judy Baris. These individuals have given up nights and weekends to review our work and they spent countless hours working on our budget and many hours preparing the booklet in front of you.

My friends, as in the past Danbury stands on strong financial footing. Danbury continues to maintain the highest credit rating and bond rating in our history and we continue to have one of the lowest effective property tax rates in the state. Recently we have seen a significant drop in the overall poverty rate and we have seen an increase in personal income. Unemployment remains at historical lows.

However, we are facing several challenges as we enter into the next fiscal year. The national housing crisis and subsequent economic turmoil has created pressures on our revenue streams that we have not seen since the early 1990's. Building permit revenue is off some 2.0 million dollars, real estate conveyance fees are down dramatically, grand list growth has slowed and our last payment from the Reserve was made this year.

On top of that, we have seen unprecedented increases in fuel, heating oil, energy, and general operating expenses.

All told, we are challenged by a multi million dollar loss in revenues and increase in operating expenses for the 2008-2009 budget year.

Finally, we are once again short changed by the State of Connecticut in almost every aspect of governmental operations. In particular, school funding increases have been reduced to almost nothing, and, incredibly, we continue to be the recipient of unfunded state mandates that if passed this legislative session, could have a devastating impact on our taxpayers.

To mitigate the impact of the worsening economy and its impact on our revenues, I have taken several proactive steps which I have announced this morning to our staff.

1. I have appointed an internal financial review team to conduct a business audit of every aspect of our 32 departments. This team will report to me and to the Director of Finance not later than 120 days. Their charge? - review every aspect of our financial practices at the department level to look for potential savings through reorganization and through economies of scale. Since the Board of Education receives the lion's share of city funding, I have asked the Superintendent to allow our financial review team access to their operations as well.
2. We will be conducting a complete review of our employee vehicle use policy and our employee cell phone policy.
3. Effective April 15th I have implemented a hiring freeze of all new full time employees with the exception of emergency personnel. This hiring freeze will extend into the new fiscal year.
4. For this fiscal year all spending is frozen at the department level.
5. While I am not recommending layoffs at this time, we will look to reduce our full time workforce through attrition by approximately 10% in the coming year.

As each day reveals new challenges with the national economy, we will continue to evaluate the priorities as outlined in our spending plan and we will look for opportunities to cut operational costs when appropriate. We also reserve the right to revisit our budget throughout the year to implement any recommendations that our internal financial review team deems appropriate. I am asking each department as well as the Board of Education to understand that we are in unsettled economic times and that we need to work together to address revenue shortfalls in the future. Our challenge next fiscal year is simple: *not to do more with more... but to do more with less.*

Let's make no mistake; Danbury continues to be an economic engine for the state and the nation. While I am concerned about the immediate future, I am excited and optimistic about the potential we have in the future for economic growth here in Danbury. We will continue to maintain one of the lowest unemployment rates in the nation, and as I speak tonight, our Director of Economic development and myself are currently in negotiations with several large and medium size businesses that wish to locate here in Danbury. This is good news for our local economy and good news for our taxpayers.

Danbury has also become a popular place for film production companies to set up shop and use our city for filming. The film industry has injected much needed dollars into our economy and has increased our city's visibility. Next month we will host the Connecticut Film Festival.

I have asked our Director of Economic Development to investigate the possibility of the City setting up a facility that can be rented for film production and post production-much like we used the Immanuel Lutheran School. One idea shared by both Wayne Shepperd and Rick Palanzo would be to use the Post Office building on Main Street as a film production center. This would enable the film industry to have a rentable area for offices and production, and reuse a building to help grow an industry in its infancy here in Danbury.

Over the coming months I will be approaching the Council about this initiative as well as others that will continue to inject energy and dollars into our local economy.

Our mission statement is clear and the 2008-2009 budget reflects the goals and objectives set out in our mission statement.

"The City of Danbury's mission is to ensure a superior quality of life for its citizens by providing the most cost effective municipal services while preserving the cultural, historical and natural resources of the City. We are committed to working with citizens to enhance Danbury's position as a premier place to live, work, and raise a family in a traditional yet progressive community"

Last year's budget reflected our core mission. In addition, each of our departments was asked to develop their own mission statement that connects back to the City's statement.

In this way, our mission is clear, and the flow of communication down to our departments is seamless.

Our 2008-2009 budget reflects careful planning and an eye towards the future. Most importantly, it funds our basic services without significant cuts. In this document we are advocating that we maintain our services but given the economic climate, we are deferring some expenditures and expansion of departments until the current economic turmoil passes.

Public Safety

Most important to our mission statement and to quality of life in the City of Danbury is the delivery of public safety services.

The spending plan for the 2008-2009 fiscal year continues our commitment to public safety. In September of 2007, we dedicated our new Fire Station Engine 26. The funding for our Fire Department includes the additional staffing and also includes full year funding for the four Lieutenants that lead the operations of the station.

On August 7, 2007 we broke ground on the new Police Station. I am proud to report that the building is on schedule and on budget. This past Friday we completed the last of the steel erection, we are gearing up for the move to the new station in the fall of 2009.

Through our capital budget we will fund replacement vehicles for patrol as well as command staff. We will also enhance technology with work on our IT infrastructure.

This past year we completed negotiations with the Police Union and working within Chief Baker's Vision 2009 plan we have put more police officers on the street. The result has been a dramatic increase in enforcement actions as well as many proactive police programs and proactive enforcement actions. The 2008-2009 budget continues to fund those changes.

Education

Education spending continues to be one of the main drivers in our budget. Our Board of Education has asked for a 7.83% increase or an additional 8.3 million dollars.

Clearly in this economic climate, this is a request that is beyond the reach of our taxpayers. Nor is it fair to the rest of city departments who are looking to economize, to sacrifice needed city services in other areas. The crisis in education funding across the state is a direct reflection of the State of Connecticut's failure to fund our public schools to an adequate level.

This year I am proposing an increase of 5.5% or 5.8 million dollars. Even at this rate of increase, it will be difficult for the city to meet this obligation if a national recession were to develop.

While funding is tight on the operational side, we are proposing a number of repairs to our facilities in the School Capital Improvement Plan as well as technology repairs and replacement in the School Technology Bond.

Indeed Danbury's children are poised for academic success with new facilities. We are thankful to our taxpayers who understand the economic benefit of quality schools *and* an educated work force.

Capitol Improvements

This year marks a change in the way that we approach our city's infrastructure and our capital projects. For many years the city has only bonded \$500,000 dollars for ongoing capital improvements and long term maintenance needs. The result has been that we have public buildings and roads and bridges that are in disrepair and given the long list of projects on our Capital Improvement Plan will never get addressed until it becomes an absolute emergency. Working on our infrastructure during a crisis is not good public policy and often results in delay, expenses, and poor craftsmanship.

During the Charter review process, I asked that we increase our borrowing limit to 2.0 million dollars. The Charter Revision Commission will be recommending an increase in the borrowing limit to 2.5 million dollars. That is the amount that I am requesting we borrow this year towards capital improvements.

This year our CIP is proactive, and gets a start on the long list of improvements that our city has deferred for far too long. Some examples of work that will be completed:

\$50,000 to weather tight the Richter House.

\$471,600 to replace the roof at Park Avenue School

\$500,000 to replace and upgrade technology at Danbury High School

\$500,000 for Public Safety equipment

\$500,000 for a phosphorous study required by the DEP on our wastewater treatment plant

\$390,000 for drainage improvements (including the East Ditch)

Let me take a moment and reflect on the status of the Richter House. Our Authority has embarked on a long term planning process funded by the Council. My recommended allocation will only weather tight the building. Long term renovations, and more importantly, the future of Richter House, must be decided by the Authority and the use of the facility must be consistent with the master plan.

While these projects are not necessarily in front of our residents everyday, they are part of the nuts and bolts of our infrastructure and too often are ignored.

Sewer & Water Funds

Our Sewer and Water funds continue to see positive cash positions. This year I am once again, proposing *no increases* in rates to either the Sewer fund or the Water fund. I am also proposing no connection fee increases or changes to the connection fee structure

Tax credit for elderly homeowners

Last year, due to the increasing pressure on our seniors relating to the rate increases in electricity and to escalating costs of heating and cooling their homes. I proposed a tax credit to be used as energy assistance for our seniors. The new program raised the tax credit available for seniors from \$250.00 for single residents and \$350.00 for married couples. In addition, the income level for qualification has been raised to \$51,500 for single residents and \$58,000 for married residents. The proposal was fiscally responsible and extremely popular it provided real relief for those seniors who have to make a decision between heating their homes and buying their groceries.

This year I am proposing an expansion of a little used program put in place several years ago called the Senior Property Tax Deferral program. This program allows seniors to defer 15% of their taxes for a period of time. Unfortunately, not many seniors have taken advantage of it. After discussing the program with the Senior Advisory Council, as to why so few elderly taxpayers are participating in the program, it was recommended that we reduce the interest charged on money deferred, and that we raise the income guidelines. I would also recommend that instead of 15% of the total tax owed, we allow our seniors participating in the program to defer the increase of their property tax for the current year. This in essence would allow for a freeze mechanism for seniors with a much higher income limit that is allowed in other statutes and not result in a loss of income for the City.

Earlier in the year I announced the S.A.V.E program for our seniors that will allow qualifying individuals to volunteer their skills for the city while receiving a property tax break. I have appointed a committee and they will begin formulating the ordinance that creates the program. I would request that both of these programs be in place by July 1st.

Together, these programs will allow seniors to stay in our community, and receive real property tax relief while also contributing to the betterment of our city.

Summary

The 2008-2009 budget is designed to provide the same quality service that we have in the past, with a watchful eye towards spending as we enter into an unsettled economic era.

This year I am asking our mill rate to be set at 21.35 a *decrease* of approximately 4.0. %. As mentioned, I am recommending a four year phase in of the most recent property reevaluation. *At this rate, on average, approximately 60% of the homeowners of our city will see increases ranging from 0 to 6% in their taxes.* When factored with a reduction in their personal property and motor vehicles tax, the impact of the reevaluation on our homeowners will be reduced significantly.

Our spending plan calls for *no increase* to sewer and water rates.

Our spending plan has been redesigned to project realistic revenue projections, a capital improvement plan that protects our city's assets, and manages a challenging reevaluation for our residents.

Our spending plan provides more opportunity for property tax relief for our seniors while protecting much needed revenue.

The 2008-2009 budget gives us a plan to continue on the path to deliver critical services. A plan that gives us clearly defined goals and a vision that all of us can be proud of.

This is what our City is about and what we will be working to implement in the coming year.

Over the last several months this Council has demonstrated a willingness to work to together in the spirit of team work. There have been differences, but those differences have been based on the merits of the issue at hand. Tonight I ask that you approach this budget in the same fashion. My door will be open to each of you to hear your thoughts concerns and ideas.

Tonight, I ask for the Council's cooperation as they deliberate over this spending plan. Our finances have never been stronger, our outlook never been brighter. Let's work together on a bi-partisan basis to keep Danbury moving forward.

With these thoughts in mind I respectfully submit to you this budget for our City's 2008/2009 fiscal year. Thank you, God Bless America and God Bless our Great City.

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