



**MAYOR JUSTIN M. ELICKER
CITY OF NEW HAVEN**

March 1st, 2023

Dear Residents,

In accordance with the City Charter, I am submitting my proposal for the City of New Haven's Annual Budget for Fiscal Year 2023-2024.

This is the fourth budget I have tendered since taking office. Before getting into the proposal, I think it important to look at how far we have come these past few years. In 2020, as our city faced a daunting once-in-a-generation financial crisis, I reported to residents that the state of our city was precarious. In 2021, as our city was journeying through a once-in-a-century public health crisis with the COVID-19 pandemic, I reported to you that, due to the resiliency of our residents, the state of our city was hopeful. In 2022, as we began to see the fruits of the tough decisions we made during those challenging times, I reported to you the state of the city was strengthening and we were beginning to hit our stride. This year, in 2023, I reported that the state of our city was bright, and that New Haven is on the move forward.

This budget continues to build on this progress and maintains our commitment to the priorities we have set in advancing economic growth and opportunity, public safety, affordable housing, education, youth and community programming, and the delivery of city services that enhance our quality of life. I believe this proposed budget finds the right balance between providing the services that our residents expect and deserve while also keeping down the tax burden on our residents and homeowners.

FY2023 – FY2024 Budget Highlights

The proposed \$662.7 million budget represents an increase of 4.66%, or \$29.5 million, over last year's budget. The increase in the budget tracks closely to the inflationary impacts that many states, cities, and towns have experienced across the country.

On the expenditure side, the driver of cost increases are the usual suspects: fixed costs. The City's fixed cost increases include debt service, pensions, employee benefits, liability insurance, and utilities. This accounts for 42.36%, or \$280.9 million, of the proposed budget.

On the revenue side, tax revenue has also increased with the implementation of the full valuation of new real estate property values, generating \$25.6 million, as we enact the second half of the phase-in from the state mandated revaluation that occurred in 2022. As such, for the second year in a row, **I am recommending a reduction in the mill rate, from last year's rate of 39.75 to 37.20, or a reduction of 6.42%**, which would lower property taxes than they otherwise would have been absent the increase in property values.

The budget also focuses on strengthening the delivery of city services, including a limited number of new positions and tools to improve the way we serve our residents. My budget includes the addition of **thirty-four (34) new positions** focused on public safety, parks maintenance, and audit regulatory compliance and inspections to ensure city resources are stewarded responsibly. The budget also aims to make our city more competitive to attract and retain the best workforce by including an **increased budget allocation for salary increases for civil servants, including both union and executive management employees.**

The budget also builds on the work we have done in recent years to improve the long-term financial health of our city. As we continue to work to address long-term pension liabilities by ensuring a healthy retirement fund, we have once again **reduced the assumed rate of return for both the City Employee, Police and Fire Retirement Funds from 7.25% to a more conservative 6.90%.** Dropping the rate means that we invest more in our pensions upfront to ensure we can meet our pension obligations down the road. While this is an added financial cost to the City in the short-term, it is both fiscally prudent and necessary to ensure the City's financial health and interests in the long-term. My budget also **limits the amount we borrow** to the lowest level in decades. This will allow us, over time, to reduce our annual debt payments, ensuring a more financially stable future. Finally, there are **no budget or accounting gimmicks,** like have been used in the past. **This is an honest and responsible budget so we can pass on a more stable city to our children.** The good news is we are already seeing the fruits of our work with last year's budget surplus and an upgrade in our credit rating.

The budget also includes two departmental organizational changes. The first change is **the creation of the Office of Policy, Management, and Grants.** The second is **moving the New Haven Free Public Library (NHFPL) from under the direction of the Chief Administrative Officer to the Community Services Administrator.**

Creating the Office of Policy, Management, and Grants is at no cost to taxpayers, as the staff will be extracted from within the Finance Department to help streamline work. The primary functions of the Office are to prepare and review the city budget, guide, and monitor performance of departments, oversee the implementation of operational efficiencies, prepare the multi-year financial plan and monthly financial reports, and guide the City through financial audits. The Office will also focus on how to streamline the City grant process and maximize the utilization of grants.

The FY23 - FY24 budget also moves the New Haven Free Public Library organizationally from the oversight of the Chief Administrative Officer (CAO) to the Community Services Administrator (CSA). More than ever, our libraries serve as community hubs and gathering places, functioning as community centers. They connect people to information and connect people to each other. The NHFPL system regularly interacts with a host of community services related to children, youth, families, elderly services, public health, and homelessness, all of which primarily fall under the auspices of the Community Service Administrator. Bringing the NHFPL under the CSA will allow us to continue to provide the same services that residents have come to expect from our local branches, but also allow for our libraries to grow as community hubs and strengthen those synergies across city services.

Public Safety:

Public safety, which includes Police, Fire, and the City's 911 Emergency Call Center, accounts for \$5.2 million of the \$29.5 million total budget increase. This increase includes the addition of new sworn personnel to improve safety in our city. It also includes additional overtime for Police and Fire, contractual salary increases, additional non-personnel increases in the police department, and other fixed costs.

Overall, our police officers are doing extraordinary work under very challenging circumstances to keep our residents, streets, and city safe and to take illegal guns off the streets. However, New Haven like many other communities across the country are facing police shortages. To help address this challenge, this year we are adding more resources to our department. While we still have a way to go in addressing crime, we are making steady and significant progress:

- Violent Crime in 2022 is down by 11.9% compared to 2021, and down 24.1% overall since 2020.
- Property Crime in 2022 is down 7.3% compared to 2021, and down 19.5% overall since 2020.
- Other Crime in 2022 is down 17.7% compared to 2021, and down 27.6% overall since 2020.

We want to continue this downward trend, and this requires resources. To support our department and keep our neighborhoods safe, I am asking the Alders to **fund ten new positions of both sworn and civilian personnel** to supervise, patrol, close cases, and care for the animals in our shelter. Until we get more recruits through the academy and on the streets, I am also asking for Alders to support a request in the increase of overtime by \$1 million so we can keep officers on the street and increase the time officers are walking the beat.

For our 911 Emergency Call Center, my budget proposal includes **two new positions**. Our 911 operators are many times the first of the “first responders” that residents engage with when help is needed, and additional positions are needed to ensure the center is staffed accordingly.

Parks, Recreation, and Youth:

I have heard from many parents and kids in our city that they want more options and choices for fun, enriching, and positive activities and programs – and we’re doing just that by opening eight (8) new Youth and Community Centers across the City.

This past year we cut the ribbon at The Trowbridge Environmental Center in East Rock Park, where residents are now participating in programming seven days a week through several programs exploring nature, the arts, and music. Programming has also begun at Coogan Pavilion in Edgewood Park and at Barnard Nature Center in West River Memorial Park. This summer, we plan to open the doors at the Goffe Street Park Community Building at DeGale Field and at Salpento in East Shore Park. After that will begin work the West Rock Nature Center and expand the use of the Atwater Senior Center. We also plan to begin construction this spring at the old Barbell Club on Trowbridge Square in the Hill. We also just broke ground on the complete renovation of outdoor athletic fields at Wilbur Cross High School. Finally, through our Youth @ Work program, this summer we’ll once again be providing jobs to our youth so they can learn important skills, earn some money, and use their time productively.

To care for these new spaces and ensure improved maintenance in our parks, this year I am requesting the Board of Alders **approve seven (7) new positions** – parks caretakers and new parks rangers for youth, community, and environmental programs. Additionally, I am requesting \$100,000 in new youth, adult, and community programming for the Newhallville neighborhood, one of the city’s most historically underserved neighborhoods.

Education:

This has been difficult couple of years for our students, families, and educators who have had to navigate the unprecedented challenges of a multi-year pandemic, interrupted instruction, learning loss and other hardships.

Everyone is working hard – harder than we ever have before – and we are indebted to all our teachers giving it their all every day on behalf of our students. To this end, I am requesting the Alders approve **an increase of \$8 million for the New Haven Public Schools** to ensure our teachers are paid well and to provide more resources to our schools to educate our students.

Retaining and Attracting the Best & Brightest:

There has been much discussion on the critical need to fill personnel vacancies within our city government. These are the people that make our city function every day. They pick-up our garbage, they maintain our parks, they patrol our streets, and run into burning buildings. They are the best of us working here in the City and on the front lines of providing needed services to our residents.

They need increased salary compensation, and as such I am requesting an increase. To this end, I am requesting an **increase in the City's contract reserve to \$4.7 million** to cover the needed salary increases of our rank-and-file City employees covered by collective bargaining contracts.

As we work to negotiate the remaining open collective bargaining unit contracts, we also need to address the salaries of department heads. The last significant change to the salary ranges for department heads and coordinators was back in 2011 and pay raises have been infrequent. For the past twelve years, our pay scales have not kept pace with a very robust and changing labor market. Gone are the days where many city staff are paid in comparable rates to their counterparts in other cities, which has made recruiting and filling vacancies very difficult.

To this end, I am asking for the Board of Alders to do two things: 1) **adjust the salary ranges for the Executive Management employees** and 2) **increase the salaries of department heads and coordinators**. Reasonable pay increases will help retain currently filled positions by bringing them closer in-line with their counterparts in Hartford, Bridgeport, Waterbury, and Stamford, and enable us to keep our city staff here while we also recruit the best and brightest to fill vacancies.

Finally, on the topic of salary changes, the Charter Revision Committee is underway and among the questions they are reviewing for changes to the City's guiding legal document are stipend adjustments for Alders and salary adjustment for the Town Clerk. As these are pending issues before the Charter Commission which will not be solved before the deadline of adoption of the City Budget, I have included those changes in my proposed budget. Should those items be approved by the voters, they will already be accounted for within the City budget and will not require a mid-year amendment.

Climate:

This year we launched our Office of Climate and Sustainability, and we are already busy at work. The Climate Office is working closely with the Finance and Engineering Departments to gain a better picture of energy use. The City is working building by building on electrification efforts like those at the new Public Works facility at 424 Chapel Street. The Climate Office is also exploring ways to reduce residential waste, improve transportation options, and other important climate-related initiatives.

Since adopting the Safe Routes for All Plan, the City is in the process of building out **the largest ever expansion of its protected bike lane network**. In addition, as City departments retire their current gas-powered vehicles, we will be looking to **deploy new and used electric vehicles to replace those internal combustion cars and trucks**. To this end, I have requested capital funding and American Rescue Plan funds for use as we begin to transition the City fleet and facilities to prepare for the future through electrification.

A few years ago, I had made a commitment to ensure that a portion of the city budget expenditures would be allocated towards climate and sustainability and, in keeping with this commitment, I am proposing to allocate **\$2.25 million towards the fight for a cleaner and greener New Haven**.

While climate change is a global problem, we must act locally and do our part to ensure a sustainable future for ourselves and future generations. City expenditures can make a significant impact in reducing our own carbon footprint and transitioning towards a more sustainable city. These include investments in renewable energy, more EVs for the City fleet, and working towards better and more sustainable waste management systems. We must also work to educate our citizens and businesses about the importance of reducing their own carbon emissions. By making these investments, we are not only protecting our environment, but also promoting economic growth and creating a more livable city for all. I urge everyone to support these efforts and work together to make our city a leader in the fight against climate change.

Conclusion:

In conclusion, this proposal for the City's annual budget for fiscal year 2023-2024 maintains the City's commitment to improving our city and the quality of life of its residents, with a focus on economic growth and opportunity, public safety, affordable housing, education, youth and community programming, and enhancing city services. The proposed aggregate increase of \$29.5 million over last year, is primarily driven by fixed costs. However, I recommend that the mill rate be reduced from last year's rate, which will help provide some relief to homeowners as we complete the second and final year of the 2022 property revaluation phase-in. In the end, I believe this proposed budget finds the right balance between providing essential services and keeping the tax burden down on residents and homeowners, as we work toward a New Haven where everyone has the opportunity to thrive.

Sincerely,

A handwritten signature in blue ink, appearing to read "Justin Elicker", with a stylized flourish at the end.

Justin Elicker
Mayor