

City of
New Haven

Connecticut

CANAL DOCK BOATHOUSE

5-Year Financial Plan 2020-2024

Mayor Toni N. Harp



CITY OF NEW HAVEN

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To: Members of the New Haven Board of Alders and all city residents

New Haven began as the nation's first planned city. The historic Nine Square Plan has endured, serving the city well during the past 380 years. New Haven has maintained its original structure, while adapting to the changing needs of New Haven's residents, businesses and visitors. As Connecticut's cultural capital, New Haven boasts "abundant theatres, music and museums, well preserved history and world class culinary options," writes the *Washington Post* when recommending New Haven as a perfect weekend destination.¹ As stewards of New Haven's treasures, city residents, administration, business owners and the elected Board of Alders have contributed thoughtfully to an assessment process resulting in the development of a financial plan for the next five years – New Haven's roadmap into the future.

When setting out on an extended road trip, it is prudent practice to have planned and prepared for potential hazards. My administration has taken a similar approach over the past few years when addressing the city's future financial plan. Maintaining a balanced budget and reserves for unexpected expenses is similar to a family ensuring its spare tire is inflated and all fluids are topped off before heading out on the road. As a result, New Haven is well-positioned to avoid potholes and identify detours along the route. In recent years however, the City has experienced and/or has been threatened by many unanticipated major expenses, each of which carried the potential for a catastrophic effect. One could equate these events with major engine failure or a ruptured axle in the middle of a tornado. Costly, unpredictable expenses in the midst of lean budgetary times can, indeed, place a city into an uncontrollable tailspin. For example, during fiscal years ending 2012-2019, the City faced:

- Rising healthcare expenses -these are somewhat predictable but volatile and difficult to quantify with precision;
- A spike in overtime arising from the *Ricci* litigation² - had a material negative actuarial effect upon the funding levels for the City's police and fire pension fund;
- The \$9 million settlement of a wrongful conviction case championed by the Innocence Project; and
- The reduction of \$9 million in state aid and a long-delayed state budget during FY18.

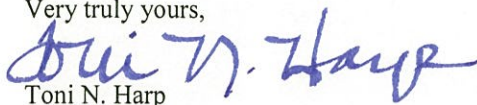
New Haven managed through these challenges, but swiftly learned that the city needs to be better positioned to weather similarly significant and unexpected costly events. Like the city's founders, the current government must consider immediate needs while also planning and preparing for the unexpected. We have, therefore, developed a dynamic plan which not only addresses the core functions of our city government, but also sets forth a process and plan for responding effectively to both anticipated and unexpected future "potholes."

The following pages set forth the City of New Haven's Five-Year Financial Plan. We review why this plan was developed, and how it will work. After providing our analysis of the major revenue and expenditure trends experienced in recent years, we look ahead and describe a number of initiatives designed to address the challenges presented by these trends.

With thanks to a planning tradition of New Haven's founders and the dedicated efforts its' current residents, Alders, business leaders, City administration and other stakeholders, our city is better positioned to continue its journey.

Thank you very much.

Very truly yours,


Toni N. Harp
Mayor

¹ Barocas, S. (2019, March 14) New Haven: A long-weekend destination with lots to do, and you can leave the car at home. *The Washington Post*. Retrieved from <https://www.washingtonpost.com>.

² Liptalk, A. (2009, June 29) New Haven: Supreme Court Finds Bias Against White Firefighters. *New York Times*. Retrieved from <https://www.nytimes.com/2009/06/30/us/30scotus.html>

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5-Year Financial Plan

Introduction

The Five-Year Financial Plan for the City of New Haven is a byproduct of an extensive outreach for input which included numerous meetings with many key figures: The Board of Alders, Community Stakeholders, Management Teams, City Employees, State Officials, Financial Advisors, the Financial Audit Commission Review and most importantly, the residents of New Haven. The City has committed to partnering with all those who have a key stake in achieving implementation of this plan. This effort identified more than 39 revenue and savings initiatives with potential for the city to realize more than \$76.3 million over the next 5 years. More than twenty of these initiatives already have begun with savings anticipated in the current fiscal year.

The City of New Haven is the second largest City in Connecticut, at 18.7 square miles, and is home to the second largest school district in the State. New Haven is booming with growth and investment opportunities due to the thriving local economy and emergence of the City as an innovation/entrepreneurship hub. Recently, Yale New Haven Hospital announced a \$838 million project that includes two new patient facilities with a focus on innovation in the neurosciences. Greater New Haven is now home to 31 of the State's 74 biotech, pharmacy, and life science firms. New Haven has been rated as the number 1 place to start a tech business. For example, The District, a 9-acre tech and innovation campus, is a forward-thinking building, with next gen industry makers helping shape the future of the State and beyond.

On March 15, 2019 the Washington Post cited New Haven as the "Culture Capital" with abundant theaters, music and museums, well preserved history and world-class culinary options. New Haven offers vibrant attractions to both residents and visitors alike with our world-renowned restaurants, shopping, and world-class museums. According to Bloomberg (April 25, 2019), "Younger Americans voting with their feet are most heavily favoring moves to New Haven-Milford, Connecticut and Madison, Wisconsin, according to the National Association of Realtors."

Mayor Harp's vision from the beginning of her administration was the "SEE" policy, which stands for *Safe City, Education and Employment* for all New Haven residents. Over the past five years, with her leadership as Mayor, crime rates have reached record lows for the past 50 years, education has improved, and unemployment has reached the lowest levels in

years. This Five-Year Plan is more than a financial fiscal plan, it is a plan to enhance the City's sustainability and competitiveness for years to come.

While developing the City of New Haven's first ever Five-Year Financial Plan, it was imperative to take an honest look at both the opportunities and challenges facing the City. This allows New Haven to take an important step towards creating solutions needed to address the larger issues and secure finances for the City to be fiscally solid for the foreseeable future. This plan lays out the road map to develop innovations and implement steps to help the City achieve its' collective vision for a dynamic future while maintaining a balanced and sustainable annual budget.

Why Develop a Multi-Year Financial Plan?

The Government Finance Officers Association (GFOA) has recognized that a multi-year financial plan is a best practice. A multi-year plan provides *“a comprehensive and systematic management tool designed to help organizations assess the current environment, anticipate and respond appropriately to changes in the environment, envision the future, increase effectiveness, develop commitment to the organization's mission and achieve consensus on strategies and objectives for achieving that mission.”*¹

The GFOA also suggests that *“all governmental entities use some form of strategic planning to provide a long-term perspective for service delivery and budgeting, thus establishing logical links between authorized spending and broad organizational goals.”*

Local governments have an obligation to act as an effective steward for taxpayer dollars, but it is usually not possible to rely solely upon efficiency, increased revenue rates, or enhanced collection as a means of balancing budgets for prolonged periods of time. Thus, they must simultaneously maximize the efficiency of government operations, collect sufficient revenue to maintain quality of life, and make strategic investments to grow the tax base.

To achieve fiscal sustainability, the City must confront the blended challenge of growing pension costs and health care benefits combined with slow growth or stagnation of non-property tax revenues. Credit rating agencies are also now focusing on recently deferred maintenance needs, i.e. foregone investments that, if unaddressed, have the potential to erode long-term

¹ Source: *Recommended Budget Practice on the Establishment of Strategic Plans (2005)*. Government Finance Officers Association

competitiveness. Reduced competitiveness compromises the success of the City and its' residents as well as the Mayor's "SEE" policy. The Five-Year Plan lays out initiatives to directly address such issues.

The intent of a multi-year financial projection process is for the City to regularly update and adjust forecasts as assumptions, goals, and strategies change. As a result, this process will continue to remain in the forefront for the City's planning and budget process.

With a multi-year approach, New Haven can achieve fiscal and operational sustainability and make targeted investments to continue increasing its' economic competitiveness and resilience. Most importantly, the Plan's initiatives don't just identify options that would bring about fiscal sustainability, rather the overarching goal of a multi-year plan is to allow the City to make the necessary changes to assure that recurring revenues will support recurring expenditures and to begin generating sustainable investments for the future.

How does the Five-Year Financial Plan Work?

❖ Strategic Plan

Creates a long-view for strategic decision making, informs policy and operational decisions, and projects impacts on policy changes in volatile economic environment(s).

❖ Financial Plan

Identifies long-term budget issues, helps evaluate long-term impacts of current decisions and helps understand major revenue and expense budget drivers.

<u>Strategic</u>	<u>Financial</u>
Helps create a long-view for strategic decision making	Identifies long-term budget issues
Informs policy and operational decisions	Helps evaluate long-term impacts of current decisions
Projects impacts of policy changes in volatile economic environment	Helps understand major revenue and expense budget drivers

City of New Haven -5 Year Financial Plan

The 5-year Financial plan has three parts: a historical review of recent trends; identification of key revenue and expenditure drivers expected to stimulate the development of budgets over the next 5 years; and the description of potential multi-year initiatives that can be taken to impact these key drivers.

Historical Analysis and Baseline Trends

Identification of baseline trends that will shape future budgets, reflects your current condition and direction, absent any significant policy or managerial change. For revenues, this means no assumed changes in tax rates, new taxing powers, new grants, or fee increases. For expenditures, this means no assumed new hiring, layoffs, or wage increases (beyond the term of current collective bargaining agreements).

Initiatives

In response to the current conditions and the baseline projections, a multi-year financial plan will include both potential revenue and expense initiatives. Such initiatives are designed to change the City's anticipated financial trajectory.

Initiatives Impact on Baseline Projections

The baseline projections with the impact projected by the identified initiatives is the overall product of the five-year plan. This analysis is presented using a **dynamic software tool** that will help decision-makers both now and in the future, to balance fiscal, policy, and operational goals.

The City's baseline projections are like the diagnosis a doctor provides after a physical. It reflects your current condition, given the major underlying factors.

The next phase of the multi-year plan is like the treatment- recommending corrective actions in response to the diagnosis.

5-Year Financial Plan Analysis 2014-2019

The 5-Year Financial plan Analysis will review the City’s finances over the past 5 years and identify trends in revenues and expenditures. The importance of reviewing the history is to be able to look forward over the next 5 years to identify those trends that will drive projections of the City’s future finances and budgetary needs. Addressing such trends often require multi-year initiatives that can be applied over the next 5 years to address longer-term potential budgetary gaps.

Historical Revenues and Expenditures 2014-2019

Since 2014, the City of New Haven revenues and expenditures have increased 7.6 percent, over the last 5 fiscal years. The major revenue increases during this period were property taxes and state aid. However, state funding for education declined by 2 percent and pilot and licenses, permit, fees, and fines declined by 19% and 48% respectively.

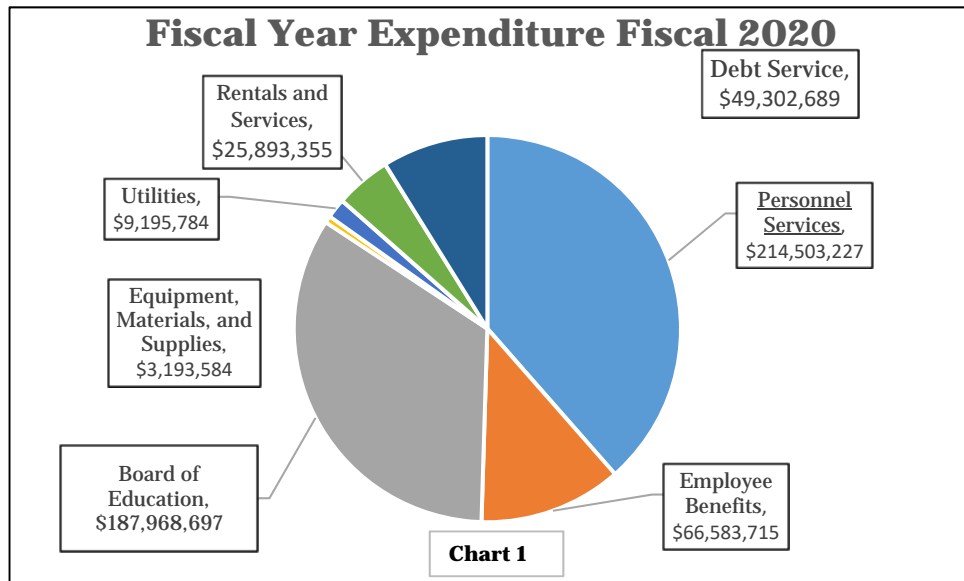
Table 1

	2014 Actuals	2015 Actuals	2016 Actuals	2017 Actuals	2018 Actuals	2019 Projected Actual*
Total Revenues						
Property Taxes	243,999,342	249,968,781	250,993,094	252,389,651	253,562,832	283,347,217
State Funding for Education	151,201,820	149,446,441	150,625,310	148,190,679	147,888,804	147,555,782
State Aid - City	54,858,986	60,738,226	59,023,991	73,053,326	68,394,924	65,241,702
Other Revenues	18,312,082	15,289,493	17,528,314	17,132,667	21,392,757	17,052,147
Licenses, Permits, Fees, Fines	20,267,011	30,538,711	24,023,021	26,698,970	27,245,647	16,319,312
PILOTS	6,877,545	5,247,584	4,052,170	3,917,018	5,428,664	3,565,724
Total Revenues	495,516,786	511,229,235	506,245,899	521,382,311	523,913,628	533,081,884
Total Expenditures						
Personnel Services	174,965,822	196,954,702	185,926,101	191,726,579	212,109,603	199,377,857
Board of Education	177,199,032	177,202,076	180,242,578	184,849,956	193,404,100	199,078,600
Employee Benefits	45,993,117	47,955,874	51,074,335	53,728,432	62,100,111	62,533,636
Rentals and Services	19,346,788	19,507,884	21,758,434	23,341,463	24,776,712	22,795,365
Utilities	9,167,599	9,175,641	8,119,313	8,028,257	8,750,287	8,866,730
Equipment, Materials, and Supplies	2,449,755	2,334,353	2,481,392	2,421,839	2,316,463	2,648,249
Debt Service	61,650,674	56,394,173	56,381,040	57,625,947	28,800,981	32,677,545
Total Expenditures	490,772,786	509,524,703	505,983,193	521,772,472	532,258,256	427,977,983
*Projected 2019 actuals is as of May 2019 monthly report						

The major expenditure increases were employee benefits (pension contributions), which increased 37 percent. The major contributing factor for increases in benefit costs was overtime, which added to pension costs as well the need to incorporate more realistic funding assumptions for future pension needs. Finally, the City’s budget was impacted by the state’s fiscal challenges during fiscal year 2017-18 with the failure to pass the budget until October of 2017 and the reduction of the state aid to City by nearly \$9 million (City and Board Education). These reductions resulted in the City ending the fiscal year with a negative general operating fund balance for the first time in five years.

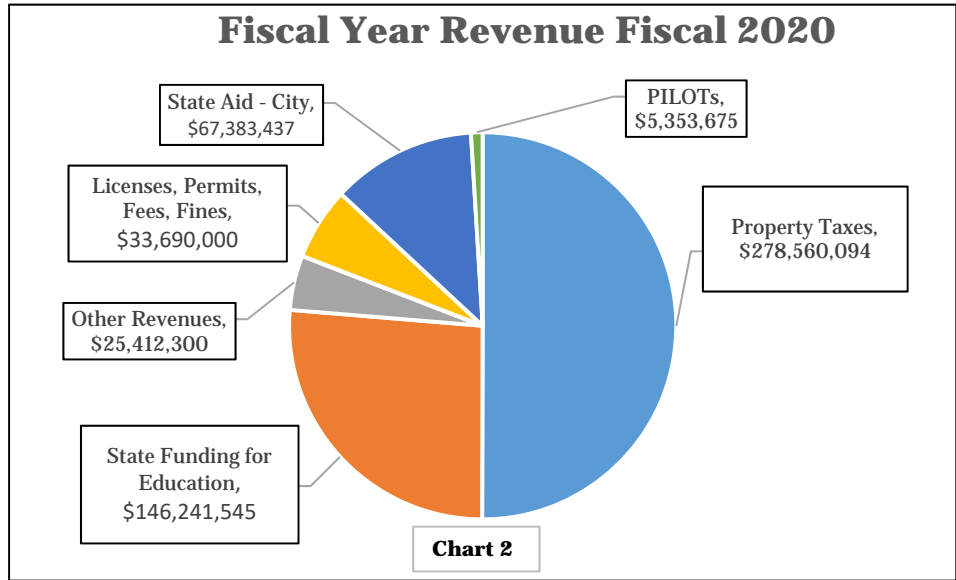
Fiscal Year Adopted Budget 2019-2020

In fiscal year 2020, the City will have an adopted budget of \$556.6 million with the major drivers in the budget being fixed costs such as pension and medical. The expenditures will grow only by 1.75 percent from fiscal 2019, which includes



funding for staff to address tree issues and an affordable housing task force. The City also lowered the number of police officers, from 463 to 426, and for the first time in many years debt service restructuring reduced the City’s debt service burden to be under 10 percent of the total budget.

In contrast, budgeted revenues are relatively flat, except for building permits, which will increase to \$17.9 million. The budget includes no mill rate increase and the expected tax collection rate will remain slightly above 98 percent. The state aid to City and funding for education will remain flat. Finally, this budget includes an allocation of \$900,000 toward the rainy day that will begin to build up the City’s fund balance and needed reserves.



Key Revenue and Expenditure Drivers 2020-2024

Revenue Drivers

The key revenue drivers over the next 5 years for the City are: real estate tax, personal property tax, motor vehicle tax, state aid, voluntary payments, and licenses, permits, fees, and fines. The real estate tax is the largest revenue source but is only expected to grow by 8.9 percent over the next 5 years (see table 2). The revenue from the state for the City and the Board of Education is projected to remain flat for the next 5 years. The remaining key revenue drivers show only a slight increase, raising a concern with how revenues can keep pace with increases in expenses that can be expected from inflation and growth in fixed costs.

Table 2

	FY2020	FY2021	FY2022	FY2023	FY2024
Real Estate Tax	\$229.4 M	\$234.3 M	\$239.3 M	\$244.6 M	\$249.9 M
Personal Property Tax	\$27.9M	\$28.7 M	\$29.5 M	\$30.3 M	\$31.2 M
Motor Vehicle Tax	\$14.8 M	\$14.9 M	\$15.2 M	\$15.3 M	\$15.4 M
State Aid	\$67.4M	\$67.4 M	\$67.1 M	\$67.3 M	\$67.3 M

City of New Haven 5-Year Financial Plan 2020-2024

Voluntary Payments	\$14.4 M	\$15.0 M	\$15.7 M	\$16.4 M	\$17.1 M
Licenses, Permits, Fees, Fines	\$33.7 M	\$29.3 M	\$29.9 M	\$30.6 M	\$31.3 M
State Aid for Education	\$146.2 M	\$146.2 M	\$146.2 M	\$146.2 M	\$146.2 M

Key Expenditure Drivers

The major expenditures drivers are: salaries, overtime, health benefits, pension contributions, debt service and the Board of Education. The City salaries are expected to have the largest increase over the next 5 years of 22.8 percentage due to the current and projected union contracts. The City's health benefits are projected to have a 14.9 percent increase over the next 5 years (see table 3). As the City's work force becomes older and rising cost in health care continue to increase, the demand to provide more funding is inevitable. The pension contributions, on average, will increase 1.9 percent each fiscal year, with an annual payment of \$66.1 million expected by 2024. While the contributions will continue to rise, both pensions by 2024 are projected to be 46% funded and by 2030 both will be nearly 60% funded. The result of the City's pension boards correctly funding both pensions have put the City on the path toward having the correct funding levels for both pensions.

The debt service over the next 5 years will remain relatively flat for the next five years, peaking at \$55 million by 2024. In the 2018, the City refunded \$160 million of existing debt, providing flexibility to manage long term liabilities such as pension and medical cost. While the refinancing moved debt on average 7 years out, the Moody's rating agency, which recently rated (July 11, 2019) the City's existing bond from negative outlook to stable, commented positively on the City's refunding strategy. In fiscal year 2020, the City for the first time, will implement a 2-year capital program to lower potential borrowing cost.

The projected increases from the key expenditures drivers will outpace the anticipated growth key revenue drivers, producing potential budget gaps over the next 5 years. The City administration, as part of developing the annual fiscal budget process, will address potential gaps and create a balanced budget as required by March 1 of each fiscal year. As the way to address potential gaps, the initiatives in the following section will provide options for the decision makers.

Table 3

	FY2020	FY2021	FY2022	FY2023	FY2024
Salaries	\$103.9 M	\$109.3 M	\$115.1M	\$121.2 M	\$127.7 M
Overtime	\$9.3 M	\$9.1 M	\$8.9M	\$8.8 M	\$8.7 M
Health Benefits	\$101.4M	\$104.8 M	\$108.5 M	\$112.4 M	\$116.5 M
Pension Contributions	\$61.3 M	\$62.3 M	\$63.5 M	\$64.7 M	\$66.1M
Debt Service	\$52.9 M	\$53.6 M	\$54.4 M	\$54.7 M	\$55.1 M
Board of Education	\$188.8 M	\$190.9 M	\$193.8 M	\$196.6 M	\$199.5 M

5 Year Fiscal Plan Initiatives 2020-2024

The initiatives are not static and are presented as policy options – meaning that some will likely need to be enacted, others implemented, while another set may need to be considered, not pursued or put on hold. Listed below are 39 initiatives in seven categories: Infrastructure & Capital Programs Initiatives; Financial Initiatives; Revenue Initiatives; Economic Initiatives; Health Care Initiatives; Cost Reduction Initiatives; and Distributed Governance initiatives. The City has started 23 of the 39 initiatives over the past 7 months.

The impact of these initiatives will provide ways to address potential budget gaps in future years that would otherwise be expected. The City has costed out these initiatives and conservatively estimates that \$76.3 million in savings or revenues can be realized over the next 5 years. The initiatives on expense focus on reducing costs in medical benefits, capital expenses, and applying workforce innovation to lower personnel costs to the City. The revenue initiatives focus on regionalization, utilizing the City’s internal IT network for the emerging 5G network and changes in the tax deferral program.

Detailed Descriptions of Initiatives

*= Initiative has started or in design

How an Initiative is Formatted:

Descriptive Initiative *

Funding Impact			\$ Per Fiscal Year		Fiscal Year Impact					Resident Impact	
GF	CF	RF	Revenue	Savings	2019	2020	2021	2022	2023	Direct	Indirect
✓						✓				✓	

Initiative will impact the General fund in fiscal year **2020** and directly impact the New Haven **resident**.

Symbol	Definition
GF	General Fund
CF	Capital Fund
RF	Restricted Fund (e.g. OPEB Trust or Pension Fund)
\$	Revenue or Expenditure
Fiscal Year	July 1- June 30
Resident Impact	Direct/Indirect Impact to the New Haven Resident

Infrastructure and Capital Program Initiatives

- ❖ Two-Year -Capital Borrowing *
- ❖ Rolling Stock Committee *
- ❖ 30% Reduction of the 5-year Bond
- ❖ Dig One Policy

Two-Year -Capital Borrowing

The City, for the first time, will be submitting a Two-Year Capital Borrowing Plan for FY 19-20. The overall biannual amount would be \$70.7 million. The Department’s request for two-years, when broken out by fiscal year, equates to a reduction of 11% in Departmental requests as compared to the FY 2018-19 approved budget.

See below:

Dept. Request:	<u>FY 2018-19</u>	<u>FY 2019-20</u>	<u>FY 2020-21</u>	<u>Combined Borrowing FY 20 & FY 21</u>
	\$58.9M*	\$36.1M	\$34.6M	\$70.7M

*FY 2018-19 \$58M -consisted of on time exceptions (\$10M Public Work Facility and \$8.4M Lewis Settlement)

The advantages for the City to implement a 2-Year Capital Program are as follows:

- Savings from \$500,000 to \$700,000 in borrowing costs from interest and costs of issuance savings;

City of New Haven 5-Year Financial Plan 2020-2024

- All bond premium proceeds generated through the sale of bonds will be dedicated to reducing capital costs rather than reduction in debt service or operating budget support.
- Soft cost savings (280 hrs. to develop Capital Budget by City Staff) and increased productivity of City staff using a two-year budget process; and
- Provides over \$ 10 million to address deferred maintenance bringing critical areas of the City (example BOE IT or BOE building repair) into a State of Good Repairs (SOGR) which positively impacts operational costs and service levels for City residents.

Project Management

As part of the 2- Year Capital Program, the City will institute a project management approach for the 2-year Capital Program.

The project management approach will include the following:

- Capital Monitoring Committee (CMC) (Controller, CAO, Coordinator, M&B, Engineer);
- CMC will meet quarterly with Departments using Capital Program Dashboards to review timelines, spending analysis, risk management;
- Institute value add construction practices; and
- Produce Capital Dashboard that can be reviewed by both the Board of Alders and residents (on City Website).

Funding Impact			\$ Per Fiscal Year		Fiscal Year Impact					Resident Impact	
GF	CF	RF	Revenue	Savings	2020	2021	2021	2023	2024	Direct	Indirect
✓	✓			6. 2 million*		✓	✓	✓	✓	✓	✓

*6 million capital borrowing savings every 2 fiscal years & 200,000 in debt service savings on general fund

Rolling Stock Committee

The City of New Haven will be establishing a Vehicle Purchasing Committee to evaluate the purchase of rolling stock (includes vehicles, mobile equipment). Excluding public safety and public works vehicles, the City also maintains a fleet to conduct other business such as inspections, meetings outside New Haven, engineering, etc. The purpose of the Committee will be to encourage vehicle sharing, maximize utilization of the City’s vehicles and use technology software and data to determine replacement schedules. Decisions will be made based on conditions of the vehicles at time of purchase and may be changed based on equipment failures or other vehicle damage.

City of New Haven 5-Year Financial Plan 2020-2024

The City will also establish a car pool to maximize the use of the City fleet, reducing the need to purchase additional vehicles (excluding public safety vehicles) and provide more access for City employees. The City will utilize an electronic valet to manage the car pool and provide easier access for employees. The car pool will be located at the State Street lot, which is City owned and the electronic valet will be located at 165 Church Street.

Funding Impact			\$ Per Fiscal Year		Fiscal Year Impact					Resident Impact	
GF	CF	RF	Revenue	Savings	2020	2021	2022	2023	2024	Direct	Indirect
✓	✓			TBD		✓	✓	✓	✓		✓

30% Reduction of Capital Requirements With 5-year Useful Life

Each fiscal year, the City spends on average \$10 million, with a 5-year useful capital life for equipment such as rolling stock, computers, communications equipment, radios, and street lighting. The City’s objective is to reduce the amount of 5-year bonding by \$3 million (30%) over the next 4 years. The City will move toward using operating leased equipment with such costs to be incorporated in Departmental operating budgets. Such operating lease arrangements should reduce maintenance costs, increase services to residents and reduce borrowing and debt service costs.

Funding Impact			\$ Per Fiscal Year		Fiscal Year Impact					Resident Impact	
GF	CF	RF	Revenue	Savings	2020	2021	2022	2023	2024	Direct	Indirect
✓	✓			612,000				✓	✓		✓

Dig Once Policy

The City of New Haven will formalize a “Dig Once” policy that is a relatively simple and inexpensive policy that can lower the cost of street repairs, minimize traffic congestion from street repairs, and ensure that utility companies put back the road in a state of good repair. The City will use the dig once policy to coordinate and provide enforcement with the local utilities so that roads will only be dug up once. In addition, the dig once policy will allow the City to expand its broadband deployment by granting internet service provider access to State- or City-owned “rights-of-way.” The policies can also mandate the installation of conduit for fiber-optic cable during road construction or help coordinate broadband installations while roads are dug up.

Funding Impact			\$ Per Fiscal Year		Fiscal Year Impact					Resident Impact	
GF	CF	RF	Revenue	Savings	2020	2021	2022	2023	2024	Direct	Indirect
✓				TBD						✓	

Financial Initiatives

- ❖ Banking Services for City of New Haven *
- ❖ Fund Balance Policy *
- ❖ Pension Task Force

Banking Services for City of New Haven

The current bank, which holds the City’s three main operating accounts (\$10 million daily) for over 30 years, was disqualified under the CT State statutes as a depository bank, resulting in the City moving towards selecting new banking services. The City established a project schedule to complete and switch banking services in fiscal year 2020. New banking services are expected to streamline the banking operations and lower costs with maximum savings.

Funding Impact			S Per Fiscal Year		Fiscal Year Impact					Resident Impact	
GF	CF	RF	Revenue	Savings	2020	2021	2022	2023	2024	Direct	Indirect
✓				170,000	✓	✓	✓	✓	✓	✓	✓

Fund Balance Policy

The City will establish a formal policy (on the level of unrestricted fund balance) that should be maintained in the general fund for GAAP and budgetary purposes. Going forward, it is essential that the City maintain adequate level of funds to balance and mitigate current and future risks (e.g. revenue shortfalls and unanticipated expenditures) as well as ensuring stable tax rates. The fund balance policy is expected to be completed during fiscal 2020 which includes an appropriation for rainy day funding.

Funding Impact			S Per Fiscal Year		Fiscal Year Impact					Resident Impact	
GF	CF	RF	Revenue	Savings	2020	2021	2022	2023	2024	Direct	Indirect
✓			N/A	900,000	✓	✓	✓	✓	✓		✓

Pension Task Force

The City of New Haven Pension funds, under the leadership of Mayor Harp and the Board of Alders, has implemented several reforms to the pension plans. These changes include the closed amortization of unfunded liabilities for both pension plans, essentially beginning the long overdue pay down of the accumulated unfunded liabilities over a thirty-year period. Today CERF is at year 24 and P&F is at year 26. In addition, the average investment return assumption was reduced from 8.50% down to 7.75 percent today and fees were lowered, creating a \$1 million dollars in savings annually for both pensions. The systems’ investment advisors have reported that both pensions achieved a weighted average return, over the past 3 fiscal years, of 8

percent. Both pensions ended fiscal 2018 with a return rate of over 10 percent. In Fiscal 2020, the City will increase its’ pension contribution by \$4.8 million, bringing the total annual amount to slightly over \$61 million.

The Aldermanic leadership has established a Task Force, to continue to explore additional reform options to be recommended for both the Police and Fire Pension, and the Civilian Employee Retirement Fund. Going forward, the Task Force will explore different options from other pension funds around the country to identify fiscal savings target for the Task Force to implement over the five-year period.

The Task Force is at the beginning stages but intends to complete their work during fiscal year 2020 and provide recommendations to both pension boards.

Funding Impact			\$ Per Fiscal Year		Fiscal Year Impact					Resident Impact	
GF	CF	RF	Revenue	Savings	2020	2021	2022	2023	2024	Direct	Indirect
✓		✓		2.2 million*	✓	✓	✓	✓	✓		✓

*1.2 million expenditure savings to GF and \$1 million to RF to both pensions.

Revenue Initiatives

- ❖ Personal Property Audit (Assessor Office) *
- ❖ 5 & 7 Deferral Program Task Force *
- ❖ Resident Meter Benefit
- ❖ Voluntary & Local PILOT Review of Major Community Partners *
- ❖ Parking Tickets Initiative
- ❖ Data Center at Wintergreen (Police Academy)
- ❖ Marketing in Public Spaces *

Personal Property Audit (Assessor Office)

Tax Management Associates, a firm which engages in revenue enhancement and personal property discovery for municipalities, has provided the City with a proposal to audit approximately 300 accounts per year via onsite inspection, financial review and visits to corporate headquarters. This program is designed to minimize the City’s upfront cost by working on a contingency basis that would cover the cost of completing the audit and defending them through all levels of appeal, with payment only being furnished after the City has collected the new revenue. In looking at TMA’s proposal, based on the City’s Personal Property Grand List

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Value and composition, the Assessor conservatively estimates the program will bring in at least \$300,000 dollars in its' first year, after fees (contingency based).

Funding Impact			\$ Per Fiscal Year		Fiscal Year Impact					Resident Impact	
GF	CF	RF	Revenue	Savings	2020	2021	2022	2023	2024	Direct	Indirect
✓			300,000			✓	✓	✓	✓		✓

5 & 7 Tax Deferral Program Working Group

The City has two tax deferral programs, the 7-year Enterprise Zone Program, which is governed by CT General Statutes and cannot be changed without State legislative approval, and a 5-year City-Wide program that is governed by the City. Under the leadership of the Mayor Harp has established an internal working group consisting of Controller, Economic Development, Assessor, and Mayor's office to explore the opportunities to modify the 5-Year City-wide program to raise more tax revenue on new construction and rehabilitation projects.

Funding Impact			\$ Per Fiscal Year		Fiscal Year Impact					Resident Impact	
GF	CF	RF	Revenue	Savings	2020	2021	2022	2023	2024	Direct	Indirect
✓			TBD			✓	✓	✓	✓		✓

Resident Meter Benefit

The Traffic Department is exploring a new feature to the Parking Congestion Parking Program to improve residents' access to downtown parking meters. The City is reviewing options to increase meter rates for visitors to New Haven but residents will see a discount on the increased rates. To accomplish this benefit, the Department will use existing mobile parking apps. For residents not wishing to use the mobile app, a City discount card will be provided.

Funding Impact			\$ Per Fiscal Year		Fiscal Year Impact					Resident Impact	
GF	CF	RF	Revenue	Savings	2020	2021	2022	2023	2024	Direct	Indirect
✓			TBD			✓	✓	✓	✓	✓	✓

Voluntary & Local PILOT Review of Major Community Partners

The City has engaged our community partners to reevaluate their voluntary payment agreements to the City. The City has begun the review of existing agreements that have remained unchanged for many years to identify those warranting revision.

Funding Impact			\$ Per Fiscal Year		Fiscal Year Impact					Resident Impact	
GF	CF	RF	Revenue	Savings	2020	2021	2022	2023	2024	Direct	Indirect
✓			4.6 million			✓	✓	✓	✓		✓

Parking Tickets Initiative

The City will develop a collection program to recover outstanding parking tickets, modeling it after the Police Extra Duty Payment Program², owed from vendors 2 years ago. The City will seek other legal options and collection mechanisms to collect the outstanding parking tickets. The City will also work with the local universities, rental companies, and businesses to ensure that outstanding parking fines are resolved.

Funding Impact			S Per Fiscal Year		Fiscal Year Impact					Resident Impact	
GF	CF	RF	Revenue	Savings	2020	2021	2022	2023	2024	Direct	Indirect
✓			1 million			✓	✓	✓	✓		✓

Data Center at Wintergreen (Police Academy)

The City IT Department is researching the best use of developing a data center at the Wintergreen facility (police academy) for use as disaster recovery and continuity of business protection. Use of the facility could also be used as the data center for the Library and Board of Education (under review together with the potential for regionalizing the data center for surrounding towns and boards of education). This can be a cost savings to the city in eliminating outside contracts the city currently uses and additional data storage can be leased out to other cities and towns.

Funding Impact			S Per Fiscal Year		Fiscal Year Impact					Resident Impact	
GF	CF	RF	Revenue	Savings	2020	2021	2022	2023	2024	Direct	Indirect
✓			TBD	TBD	✓	✓	✓	✓	✓		✓

Marketing in Public Spaces

The City will seek to market advertisements in public spaces not only by utilizing traditional advertisements but advertisements that can be placed on a splash page that sits on the free public Wi-Fi on the New Haven Green.

Funding Impact			S Per Fiscal Year		Fiscal Year Impact					Resident Impact	
GF	CF	RF	Revenue	Savings	2020	2021	2022	2023	2024	Direct	Indirect
✓			TBD	TBD	✓	✓	✓	✓	✓		✓

² Police Extra Duty Payment Program: Under the police union contract, police are hired privately by vendors for security and the City collects the payments from the vendors and issues that payment to the police officer through the City’s payroll. In 2016, the City revised its policy in collections of the payments from vendors after challenges in collecting payments. In the revised program, the City has been able to reduce the receivable by \$800,000.

Economic Growth Initiatives

- ❖ Economic Growth of New Haven *
- ❖ Destination Place to Visit and Live *
- ❖ Innovation in New Haven *
- ❖ Opportunity Zones *

The City of New Haven’s Economic growth over the past 5 years has set the stage for the next 5 years. Since 2014, the City of New Haven’s economic growth has been a beacon and foundation for Connecticut, with over \$227 million of economic development from diversified markets, including health care, biotechnology, housing to hotels. The City projecting another \$1 billion in economic development over the next 5 years.

Recently, Yale New Haven Hospital announced (April 29, 2019) the launch of a major healthcare investment for its’ Saint Raphael campus in New Haven. The \$838 million project would include two new patient facilities and focus on innovation in the neurosciences. It will be the largest project of its kind in state history and will provide enhanced access to state-of-the-art care for patients.

Destination Place Visit or Live

With vibrant economic development the City has become a destination place to visit or to live. According to Bloomberg (April 25, 2019), “Younger Americans voting with their feet are most heavily favoring moves to New Haven-Milford, Connecticut and Madison, Wisconsin, according to the National Association of Realtors.” Those areas saw the largest share of arrivals among millennials, according to NAR’s study, which defines the generation as those born from 1980 to 1988.” The younger population seeking to live in New Haven provides an even stronger indicator of the economic growth trajectory for the future.

On March 15, 2019 the Washington Post cited New Haven as the “Culture Capital” for the region with abundant theaters, music and museums, well preserved history and world-class culinary options. The number of visitors has steadily grown over the last five years and is expected to continue.

Innovation in New Haven

For the past few years, New Haven’s bioscience companies have led Connecticut’s venture investment growth, with two initial public offerings each generating well in excess of \$100 million just last year. New Haven’s cluster of life science entrepreneurs, the fourth-densest in the country, also is growing, with more than \$850 million in annual state and federal grant awards in 2018. Given Yale’s ongoing support for research and development, ranging from its Office of Cooperative Research to the Blavatnik Fund, early-stage technology companies get the vetting and support they need to succeed in New Haven.

The City of New Haven has the District, a 9-acre tech and innovation campus. The campus is a forward-thinking industry-building helping next gen makers shape the future for the state and beyond.

Funding Impact			\$ Per Fiscal Year		Fiscal Year Impact					Resident Impact	
GF	CF	RF	Revenue	Savings	2020	2021	2022	2023	2024	Direct	Indirect
TBD			TBD	TBD	✓	✓	✓	✓	✓		✓

Opportunity Zones

The Opportunity Zones program is a federal development/investment vehicle administered by the Internal Revenue Service. The program allows capital gains to be invested in economically distressed areas in exchange for a lowered tax rate on that investment over a period of years. The City of New Haven has seven census tracts in the Dixwell/Newhallville, Hill/Long Wharf, and Mill River Fair Haven areas that are part of the Opportunity Zones program. These zones range from largely industrial/commercial to mostly residential, but there are developable options in each tract.

Funding Impact			\$ Per Fiscal Year		Fiscal Year Impact					Resident Impact	
GF	CF	RF	Revenue	Savings	2020	2021	2022	2023	2024	Direct	Indirect
			TBD	TBD		✓	✓	✓	✓	✓	✓

Health Care Initiatives

- ❖ City of New Haven Employees *
- ❖ Medicare Advantage Plans (65 years and older retiree medical Plans) *
- ❖ Health Compliance and HSA Plans *

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- ❖ Other Post Employee Benefits (OPEB) *
- ❖ City Wellness Program Redesign Phase *

City of New Haven Employees

Yale New Haven Hospital has partnered with the City of New Haven to identify and implement strategic initiatives to slow the trend of medical cost inflation being experienced by City of New Haven employees and their dependents. The objective is to realize favorable savings that will begin to be realized during fiscal year 2020. The expected outcome from the partnership was to deliver a high quality, more affordable health care by reviewing the past experience (cost & types of claims) of the lives covered by the City and introducing proven programs to address high cost chronic diseases.

Funding Impact			S Per Fiscal Year		Fiscal Year Impact					Resident Impact	
GF	CF	RF	Revenue	Savings	2020	2021	2022	2023	2024	Direct	Indirect
✓				\$6-7 million*	✓	✓	✓	✓	✓		✓

*3 million in FY19 and up to \$4 million in FY 20-24

Medicare Advantage Plans (Retirees 65 and Older)

The City of New Haven, during the 1st and 2nd Quarter of FY2019, determined that savings can be achieved by switching from traditional Medicare plans to Medicare advantage plans for retired employees 65 and older. The new plans were introduced and went into effect on Jan 1, 2019.

Funding Impact			S Per Fiscal Year		Fiscal Year Impact					Resident Impact	
GF	CF	RF	Revenue	Savings	2020	2021	2022	2023	2024	Direct	Indirect
✓				\$1.8 million	✓	✓	✓	✓	✓		✓

*Only partial savings achieved in fy 2019

Health Compliance and HSA Plans

The City over the past 2 years has implemented changes in the executive and union contracts for the Health Compliance Program (modeled after CT State program) and offered HSA plans. The Health Compliance Program requires employees to select a doctor, have an annual physical, age appropriate testing, and dental cleaning/oral exams.

Funding Impact			S Per Fiscal Year		Fiscal Year Impact					Resident Impact	
GF	CF	RF	Revenue	Savings	2020	2021	2022	2023	2024	Direct	Indirect
✓				TBD	✓	✓	✓	✓	✓		✓

Other Post Employee Benefits (OPEBs)

The OPEB fund is used to support medical expenses for retired employees and offset the costs to the City’s medical expense, however the City currently pays for these expenses from the medical self-insurance fund since the OPEB Trust and has not received significant funding over recent years. The City recognized the unfunded liability (\$616 million*) for where OPEB costs in its’ Financial Statements 4-years ago and increased annual contributions into the Trust Fund from \$15,000 to \$405,000. In addition, the City negotiated provisions in the union and executive contracts requiring employees to pay 1.25% of their salary into the OPEB fund as well. Together with the City’s contribution, an additional \$10 million will be paid into the fund bringing the total balance to \$13 million over the next 5 years. Over the longer term, the OPEB fund will be able to make contributions to the medical expense for retirees.

In June of 2019, the City hired an investment advisor for the funds and before the end of the calendar year 2019, the City is expected to create a board of trustees. With prudent management and reasonable market returns, the OPEB funds over the next 5-years can potentially grow to \$15.6 million.

Funding Impact			S Per Fiscal Year		Fiscal Year Impact					Resident Impact	
GF	CF	RF	Revenue	Savings	2020	2021	2022	2023	2024	Direct	Indirect
		✓		15.6 million	✓	✓	✓	✓	✓		✓

*OPEB valuations are every two years and expected to update 9/2019

City Wellness Program Redesign Phase

A redesigned City Wellness Program for City employees (modelled after Electric Boat Program), established a physical presence on the New Haven Campus (200 Orange Street) in May 2019. The Wellness program is be staffed by Yale Hospital nurses and health coaches. In addition, wellness staff is now doing outreach to other City operated facilities, allowing these employees access to the wellness program.

Wellness program will also integrate with the Worker’s Compensation Program to provide services to improve the health of City employees and assist them in returning back to work.

Funding Impact			S Per Fiscal Year		Fiscal Year Impact					Resident Impact	
GF	CF	RF	Revenue	Savings	2020	2021	2022	2023	2024	Direct	Indirect
✓				TBD	✓	✓	✓	✓	✓		✓

Cost Reduction Initiatives

- ❖ Redesign Workers’ Compensation Program *
- ❖ Centralizing Utility Cost & Advance Audit Program *
- ❖ Regionalization with other Cities and Non-Profit Organizations
- ❖ IT Maintenance Multi-year Agreements and Elimination of Legacy Computer Systems *
- ❖ Convert to Paperless or Digital Operations *
- ❖ Full Utilization of City’s Financial System *
- ❖ City Work Force Innovation Plan
- ❖ City Middle Mile Fiber Initiative

Redesign Worker’s Compensation Program

The Worker’s Compensation Program is a self-funded program by the City with an estimated average cost of \$8.6 million every fiscal year installed. Installed in the late fall of 2018, new software (Microsoft Power BI and Artificial Intelligence) is now allowing the City to analyze the claims data of injuries of employees, including types of accidents, cost of claims, locations and other trends (weather, time of day). With this new granular data, the City has revamped the worker’s compensation program (beginning March 1, 2019) to address specific injuries that occur with our employees with specific safety programs. In the past, safety programs only addressed State regulatory requirements and not specific injuries that occurred in City Departments. City Departments and the executive management team will be provided monthly dashboard reports by Department.

The City Wellness Program will also be provided programming to assist in preventing injuries based on the data analytics of current worker’s compensation claims.

Funding Impact			\$ Per Fiscal Year		Fiscal Year Impact					Resident Impact	
GF	CF	RF	Revenue	Savings	2020	2021	2022	2023	2024	Direct	Indirect
✓				1-2 million		✓	✓	✓	✓		✓

Centralizing Utility Cost & Advance Audit Program

The City will continue to improve efficiency and reduce costs by centralizing all utility bills. The fiscal 2020 budget will consolidate the line item utility budgets from all departments within the Finance Department to provide greater transparency for these relatively fixed operating costs. A similar exercise undertaken for City-wide supply purchases has proven to be successful in reducing costs.

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In addition, the City will expand its' existing internal audit program and utilize outside companies to assist with the review of electrical billing, fuel, cell phone, gas bill, audits of our Anthem provider for City medical costs and our Mitchell provider for worker's compensation costs. In fiscal year 2020, the City Finance Department will begin auditing all invoices the City receives to ensure compliance with contracts (currently only a sampling is being conducted) and to analyze trends for future buying of goods and services, and professional service contracts.

Funding Impact			\$ Per Fiscal Year		Fiscal Year Impact					Resident Impact	
GF	CF	RF	Revenue	Savings	2020	2021	2022	2023	2024	Direct	Indirect
✓				300,000		✓	✓	✓	✓		✓

Regionalization with other Cities, and Non-Profit Organizations

The City's Finance Department will work to develop regionalized co-operative agreements for both goods and services through economies of scale. The City will collaborate with other cities, Boards of Education and the State of Connecticut to identify like goods and services, which may be bid out as collective group to achieve a lower cost.

In addition, the Finance Department will conduct market analysis, price comparison, purchasing trends of the City, bulk buying potential and economic purchasing trends for the US economy. This will generally maximize purchasing power at both the City and regional level. The City will also focus on our small local businesses to ensure they have access to the regional market that City intends to encourage.

Funding Impact			\$ Per Fiscal Year		Fiscal Year Impact					Resident Impact	
GF	CF	RF	Revenue	Savings	2020	2021	2022	2023	2024	Direct	Indirect
✓			TBD	TBD		✓	✓	✓	✓		✓

IT Maintenance Multi-Year Agreements and Elimination of Legacy Computer Systems

IT maintenance for the City (excluding the Board of Education) is estimated to cost more than \$2.6 million annually with many contracts automatically continued on an annual renewal basis. The IT staff is now negotiating with vendors to secure a multi-year maintenance contracts over the next 5 five months. By entering into multi-year contracts on long term existing systems and software, the savings can be achieved at the beginning of fiscal year 2020. The City will also decommission old legacy systems through replacement with newer more efficient systems.

Funding Impact			\$ Per Fiscal Year		Fiscal Year Impact					Resident Impact	
GF	CF	RF	Revenue	Savings	2020	2021	2022	2023	2024	Direct	Indirect
✓				100,000 to 250,000	✓	✓	✓	✓	✓		✓

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Convert to Paperless or Digital Operations

The City has set a goal for the end of calendar year 2021 to reduce the amount of paper it uses by 50 percent. Currently, several Departments have moved toward paperless or digital operations, which has lowered cost and increased efficiency. In addition, the City has initiated a capital project to digitize paper files, which will result in lower storage fees, increase utilization of space, and provide easier access to information.

Funding Impact			S Per Fiscal Year		Fiscal Year Impact					Resident Impact	
GF	CF	RF	Revenue	Savings	2019	2020	2021	2022	2023	Direct	Indirect
✓				TBD			✓	✓	✓	✓	✓

Full Utilization of City's Financial System (MUNIS)³

Currently, the City MUNIS software multi-fund accounting system is designed for the public sector to simplify accounting operations and human resources functions. The City has set a goal, by optimizing the City of New Haven's payment process, the Finance Department to create enhanced visibility into the financial health of the City of New Haven. Going forward, the Finance Department will align procurement, accounts payable and payroll/pension functions to better leverage IT resources to identify and remediate data and process gaps. The City will automate the invoice-to-payment process that will increase efficiency, transparency, accountability and cost savings. The City from May 2019 thru June 2019 will provide 19 days of training for the MUNIS software which includes the human resources and payroll systems.

Funding Impact			S Per Fiscal Year		Fiscal Year Impact					Resident Impact	
GF	CF	RF	Revenue	Savings	2020	2021	2022	2023	2024	Direct	Indirect
✓				100,000	✓	✓	✓	✓	✓	✓	✓

City Work Force Innovation Plan

In fiscal year 2020, the City will introduce innovation by working with existing companies (Veoci, MuniCity, and ESRI) to streamline, consolidate, training and increase efficiencies of departments and divisions. The City will move to single software platform that will contain all the different computer systems from different departments to integrate and provide information both internally and externally to the residents.

Funding Impact			S Per Fiscal Year		Fiscal Year Impact					Resident Impact	
GF	CF	RF	Revenue	Savings	2020	2021	2022	2023	2024	Direct	Indirect
				1 million	✓	✓	✓	✓	✓		✓

³ ERP solution designed to encompass a wide range of public sector needs. This integrated ERP system manages all your core functions, including financials, procurement, HR, payroll, and revenues. Munis breaks down departmental data silos, streamlines processes, and eliminates duplicate data entry.

City Middle Mile Fiber Initiative

The City has been working with several State entities and an IT consultant to develop a City owned internal fiber network (the City currently owns unused fiber that can be used to transport data rather than paying telecoms for the service), connecting to the internet through partnering with the Connecticut Educational Network (CEN is quasi State and nonprofit program that provides internet access at lower cost). The objective for the network would be to eliminate current telecom costs, which average \$13,000 per month, and create a core to expand fiber network throughout the City. The expansion of the fiber network can have future revenue streams through leasing the City’s fiber to companies that are looking to build 5G or fiber to the home or expanding city Wi-Fi.

Funding Impact			\$ Per Fiscal Year		Fiscal Year Impact					Resident Impact	
GF	CF	RF	Revenue	Savings	2020	2021	2022	2023	2024	Direct	Indirect
✓			TBD	TBD	✓	✓	✓	✓	✓		✓

Distributed Governance Initiatives

- ❖ Operational Innovation
- ❖ Citizen Engagement Advocates
- ❖ Grants Program
- ❖ Citizen Transparency
- ❖ City Finance and BOE Business Office Partnership *
- ❖ City Corporation Counsel and BOE Partnership *
- ❖ City and BOE Information Technology Partnership *

The following initiatives focus on approaches for more Distributed Governance models. Distributed Governance is a new government model based on open communication, coordination, and connections in and outside of City Hall. This model addresses matters important to the quality of life in a community through engaging residents, employees, and external partners in working together to achieve a better outcome for the neighborhood. For instance, the New Haven Police Department, through collaboration with multiple stakeholders can develop long lasting relationships with residents from community activities that have set the standard for community policing throughout the country and around the world. This system of distributed governance “value employees who solve problems over those who follow a routine,

who collaborate with rather than manage residents, and who work across sectors and departments than in silos.”

Operational Innovation (Neighborhood Sweeps)

In 2018 neighborhood sweeps began with an operations meeting led by Mayor Harp that was a collaboration of departments, neighborhood management team Representatives, and Alders. The Operations Meeting reviews data analytics such as crime, housing, and environment of a neighborhood. The group then decides, based on data and input from the management team, what specific areas to target a site visit. A visit (sweep) is conducted over a 1 to 2-day period collecting data, and engaging residents on issues in their neighborhood. The team then reconvenes at City Hall to discuss the additional information gathered and creates a work plan to provide the necessary resources to that neighborhood. There are additional meetings to monitor the corrective action plan to determine if the resources have improved the issues. Since the sweeps began a year ago, the City will be reviewing data analytics to see if improvements have occurred.

Funding Impact			S Per Fiscal Year		Fiscal Year Impact					Resident Impact	
GF	CF	RF	Revenue	Savings	2020	2021	2022	2023	2024	Direct	Indirect
✓			TBD							✓	

Citizen Engagement Advocates

To create transparency and provide rapid response to community concerns. The City needs to improve monitoring of its response timeliness. Currently, only two departments presently have the ability to measure timeliness of response with their existing workflow system. By centralizing these functions in a Department with focused operational responsibility for citizen engagement and advocacy, we can move away from the Departmental silos where these staff feel limited accountability for the general citizen experience. This shift should improve efficiency and customer service. The group will be housed under the office of the CAO with necessary technical support from IT.

Funding Impact			S Per Fiscal Year		Fiscal Year Impact					Resident Impact	
GF	CF	RF	Revenue	Savings	2020	2021	2022	2023	2024	Direct	Indirect
✓			0	0						✓	

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Grants Program

Management and Budget will redesign the Grant process to make it easier for nonprofits to not only apply for grants but to report on them as well. The City will phase out the paper process and move to an electronic system for timely reporting and expedited payments from the City.

The City will partner with local nonprofit vendors to identify additional grants that could provide services for the residents of the New Haven. Currently, the City uses the City’s Grant Finder software to identify grants for the City and to engage local nonprofit vendors.

Going forward, the City will, if applicable, apply for cost reimbursement sufficient for full cost recovery. This effort is an equitable, logical and consistent process for allocating costs not directly associated with a single grant/contract, project or cost objective.

Funding Impact			\$ Per Fiscal Year		Fiscal Year Impact					Resident Impact	
GF	CF	RF	Revenue	Savings	2020	2021	2022	2023	2024	Direct	Indirect
			N/A	N/A						✓	

Citizen Transparency Initiative

The City will expand three existing systems to increase transparency: Opengov (online line Budget reporting to residents), Data portal and SeeClick Fix to improve the reporting of financials and operating results services to residents. These systems will provide necessary digital reports that the New Haven residents can consume. Access to those reports will be on the City’s website. In addition, the City will work with Management Teams on training residents on how to use SeeClick Fix, which will empower residents to report neighborhood issues and increase the interaction between the City and its’ residents.

Funding Impact			\$ Per Fiscal Year		Fiscal Year Impact					Resident Impact	
GF	CF	RF	Revenue	Savings	2020	2021	2022	2023	2024	Direct	Indirect
			N/A	N/A						✓	

Financial, Human Resources, operational Best Practices for BOE

The Finance Department will partner with the Board of Education (BOE) to create standards and ensure adherence to exiting City policies. The City will assist the BOE in incorporating best practices, training and streamlining processes to achieve efficiencies and increase accountability and cost savings.

City Corporation Counsel and BOE Partnership

Presently, no lawyer from Corporation Counsel is assigned to the Board of Education, a Department of the City. The Board and Corporation Counsel, (with the assistance of the Board of Alders regarding funding of the position) will assign a full-time lawyer to the BOE. That assignment will result in legal cost savings for the BOE instead of having to use outside counsel for legal matters currently budgeted at \$450,000. This will guarantee prompt, appropriate review of issues and cases presented, and the proper, timely assignment of matters.

City and BOE Information Technology Partnership

As part of the Two-Year Capital Program, the BOE will be able to begin addressing deferred technology maintenance. City IT and BOE will collaborate to identify an action plan to bring the BOE up to a state of good repair. This will involve a collaboration with the City’s IT division, the BOE IT division, and the City’s IT consultant to review current plans for the schools and provide best practices to bring the BOE schools IT environment up to a state of good repair.

Funding Impact			\$ Per Fiscal Year		Fiscal Year Impact					Resident Impact	
GF	CF	RF	Revenue	Savings	2020	2021	2022	2023	2024	Direct	Indirect
✓				TBD		✓	✓	✓	✓		✓

Appendix

Revenue & Growth Assumptions 2020-2024

- **Property Taxes**
 - Assessed value and mills for all categories held flat at 2019 levels, and the collection rate used is the average of the actual collection in 2008 to 2017 as reported in the 2017 CAFR
- **State Aid – City**
 - State Aid was held flat for both 2020 and 2021 based on the state bi-annual adopted budget.
- **Licenses, Permits, Fees, Fines**
 - Building Inspections was increased by reduced by 28.6%--from \$11.9M in
 - Parking Tags and Other Fines was reduced from \$7M in 2019 to \$6.5M in 2020 and then held flat
- **PILOTs (Local):**
- **Other Revenues**
 - Voluntary Payments (from Yale) increases at inflation annually, however in this calendar year Yale increased its voluntary payment by \$2.4 million.
 - Yale Payment for Fire Services increases at the same rate as overall growth in Fire Department expenditures (excluding benefits)
- **Board of Education**
 - Education Cost Sharing was held flat from 2020-2024 based on the State's adopted budget.

Expenditure Growth Assumptions 2020-2024

- **Personnel Services**
 - Growth in salaries is based on any contracted ATBs (no increases are assumed beyond contract expiration), based on headcount and YOS in 2017-18 roster provided (projected forward to reflect correct YOS in 2018-19 and beyond)
 - Vacancy savings are zeroed out in 2020
 - Overtime in 2020 is set equal to the historical average of 2015 through 2017, and is then grown at the same rate as salary growth
 - Other Cash Compensation and Uniform Allowance are held flat
 - Longevity is grown based on structure in contracts and YOS in 2017-18 roster provided
- **Employee Benefits**
 - Health Insurance is grown at the average of the historical CAGRs from 2012-2017 (3.5%) and 2013-2018 (7.3%) for an average of 5.4%. This is also in line with national trends (e.g. Kaiser survey and Segal-Sibson report).
 - Pensions are grown based on schedules provided in the actuarial reports
 - FICA is set equal to 5.69% of salaries (the average historical percent of salaries from 2014 to 2019)
 - Allowances and Travel grow at inflation
 - Workers' Comp, Life Insurance, and OPEB General Fund Contribution are held flat
- **Equipment, Materials, and Supplies:** all categories are grown at inflation
- **Rentals and Services**
 - Rentals, and Other Rentals and Services (i.e. homeless operations, legal/lawyers fees, and Regis./Dues./Subscriptions) grown at inflation
 - Repairs and Maintenance is increased by \$550K in 2020 due to cost of maintenance of body cameras for police, which is grown at inflation—the remainder of this category is held flat
 - General Liability Insurance grows at 10% annually, per the City's explanation that they've added additional coverage

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- Public Works Transfer Station increases from \$2.9M in 2019 to \$3.2M in 2020 and is then held flat
- Other Contractual Services (comprised of "Contract Reserve" (\$1.8M); workers' comp. contracted service (\$1M); children & Family Services (\$940K)) and Transfers to Claims are held flat
- **Utilities:** all utilities are grown at 1.5% annually
- **Debt Service:** Debt service is based off of a schedule provided by PFM FA, which includes the 2019 refunding and projected borrow are included over the next 5 years.
 - Refunding Contingency is zeroed out in 2020
 - Master Lease and Other Financing Uses are reduced based on schedule provided by city
- **Board of Education**
 - BOE Salaries and Benefits are held flat at 2020 levels (note: health insurance is centrally budgeted by the City and therefore not included in BOE bottom line expense)
 - Instructional Expenses, Contracted Services, and Other Operational Expenses are grown at inflation