

## Mayor's 2021-2022 Budget Address

April 1, 2021

Good evening. When I gave my first budget address last year-- the first "virtual budget address" in Middletown history-- it was back when doing something like this virtually seemed relatively novel. Now, a year later, it feels relatively routine-- some days, it feels hard to remember a time when we *weren't* doing everything by talking to a screen. The story of what happened in the year in between is in many ways the story of the budget I'm introducing tonight. In that time we've faced extraordinary challenges and constraints, yet managed to find opportunity in places we never would have thought to look before. That's true of how our community has responded to the pandemic, and it's true of the approach we took to this year's budget.

Let me first talk about the fundamentals, which offer us a bright outlook on Middletown's future. Last week, the City of Middletown earned a AAA bond rating for the sixth year in a row-- an extraordinary distinction for a city of our size and demographics, and a testament to our responsible fiscal practices. The fact that we earned a AAA rating during such a tumultuous period is a sign that investors view Middletown as a port in a storm: a city with well-managed finances, a positive economic outlook, and a strong debt profile. And it's a testament that the big investments we are making, like building a new middle school and redeveloping the riverfront, are being acknowledged by the markets as the right ones to lay the groundwork for the years and decades to come.

There are two main things I want to get across about this budget proposal. The first is this: it is very similar to last year's budget-- essentially flat, with services kept level and contractual obligations honored. We made some minor funding increases in some departments related to long-term investments and pandemic response; we found efficiencies and made modest cuts in others. Last year, we delivered a small tax reduction averaging about \$40 per household, and this year, we'll be seeking a small increase of about the same amount.

The second thing I want to emphasize about this budget is that, even though it is a complete budget that we could pass and implement today if we needed to, it will in all likelihood continue to evolve. That's because the Common Council doesn't vote on the city budget until May 13, and in the interim period, we are likely to get some positive news from the state and federal level that will further strengthen our economic outlook and financial health. At the state level, the General Assembly is considering legislation that would finally fix the Payment in Lieu of Taxes, or PILOT, formula and funding mechanism. This is significant for Middletown because we are entitled to reimbursement from that state government for serving as a host community to a hospital and two colleges that are tax exempt under state law. However, the State of Connecticut has underfunded PILOT for years, and the reimbursement funds that we do get aren't equitably distributed. I'm working with other mayors and first selectmen from around the state to change the broken formula, and our legislative delegation is on board and working hard to get Middletown equitable funding. As the legislature continues its work, we'll get a clearer sense of what kind of funding we can expect, and we'll adjust our budget priorities accordingly.

At the federal level, the American Rescue Plan that President Biden signed into law is a big deal for Middletown. Not just because it meant another round of direct payments to individuals, and not just because it included an unprecedented expansion of the child tax credit authored by Middletown's congresswoman, Rosa DeLauro. It also provides direct fiscal support to the city-- about \$12 million of new funding on the general government side, with another \$8.5 million earmarked for Middletown Public Schools. Most of that funding is not accounted for in this budget, because we're still waiting on specific guidance from the Treasury Department on when, how, and on what it can be used. But we do know this: the funding is designed to help communities recover from the pandemic stronger than they were before. That means, in all likelihood, we'll be able to use the funding to expand some of the successful things we are already doing-- like our local small business assistance program, unique in the state, that we have used to provide grants to dozens of local businesses since the beginning of the pandemic. And we can also use it to offer new programs and fund important projects that will lay down a strong foundation for a real recovery in the months and years to come. As with the state budget, answers to our questions are forthcoming in the near future, and as we work with the Common Council to finalize and adopt this budget, we'll incorporate the American Rescue Plan funding however we can to maximize benefit to taxpayers in Middletown. In the meantime, I'm in constant contact with Middletown's federal delegation about the next big initiative on climate, infrastructure, and jobs that Congress hopes to pass this year.

Speaking of climate and infrastructure, we are continuing to invest in these areas at the local level as well. Thanks to the infrastructure bond that voters in Middletown approved last year

and the open space bond approved the year before that, we are acting quickly to acquire key riverfront properties and open space parcels across the city, and our recently adopted Plan of Conservation and Development sets out an economic development strategy that puts sustainability front and center. This budget reflects those priorities as well-- and the great thing about local sustainability initiatives is that they save taxpayers money just as often, if not *more* often, than they create new expenses. Here's just a small example: for a long time, certain city employees-- including the mayor-- have gotten take-home city cars. These wind up getting used a lot more frequently than the shared electric vehicle fleet the city invested in several years ago. So, starting this year, all fossil-fuel-powered nonemergency vehicles in the city will be replaced at the end of their service by electrified vehicles. We're already home to the first fully electric school bus in the state, and one of the first in the country-- and as more electric fleet vehicles become commercially available, we'll be at the front of the line as early adopters. As for me, I'm turning the mayoral car back in to the city, where it will return to fleet service and save us money on having to purchase yet another vehicle. Our emergency services need it more than I do, and I didn't run for this job for the free car. Going forward, we'll continue to move more towards a shared, electrified pool of city cars that are used for city business only, and away from personal vehicles that the city provides for non-emergency staff.

About half the city budget goes towards funding Middletown Public Schools, and the historic educational investments we've made in the past few years are paying off, whether that's meant better outcomes in the classroom, making sure that every student and family has access to free school meals even during remote learning, or the brand-new Beman Middle School that will start welcoming students later this year. Like the general government budget, the Board of Education's recommended budget is mostly flat this year, with the 2.67% increase they requested mostly having to do with meeting contractual salary obligations. I am proposing a slightly lower increase and asking the Board to take a hard look at operational expenses to see where savings can still be found. Dr. Conner and I agree, however, that we are not going to take funding out of academic programs and classroom learning. The city and the schools are in full alignment on the urgent need to rebuild an education system that meets the needs of a new generation of students affected by the trauma and learning loss imposed by the pandemic, and we will continue to invest in social-emotional learning, rich summer learning programs, and things like Middletown High School's Aerospace and Manufacturing Center to keep moving our district forward. And as we work through the budget hearing process with the Council, Dr. Conner and I will continue to be partners on effectively using the new federal funds to work on key projects that serve the schools and the city at large.

The city is also making key investments in technology that are saving money for taxpayers and making government work better. These range from upgrades to our cybersecurity infrastructure

to defend against attacks to the installation, with state support, of new free downtown fiber wi-fi for businesses, residents, and visitors. We've also adopted SeeClickFix, a software platform that allows residents to easily report non-emergency city issues like potholes, broken signs, illegal dumping, and similar issues using an app or online platform. In addition to improving response time for residents and streamlining the workflow for city employees, SeeClickFix is also already starting to save us money in a way we didn't even expect. As you might expect, it's a lot cheaper to fix a pothole or a broken sidewalk than it is to pay an insurance claim once that pothole or sidewalk causes damage or injury. Now that people can easily report these issues as soon as they occur, the city is fixing them at a quicker pace than before-- obviously a great thing for the person reporting the issue, but it's also meant that insurance claims against the city for these types of issues have dropped to historic lows. So thank you for using SeeClickFix, and keep those reports coming!

Every single city department had to make tough decisions this year to keep this budget stable for taxpayers, and I want to thank every one of them for doing so while also providing the extraordinary level of service we enjoy in Middletown. Whether we're talking about police, fire, public works, arts and recreation, or any other city service, I truly believe Middletown offers only the very best for our residents, and I can tell you that my administration remains committed to improving on that year after year. I also must specifically thank our outstanding Finance Department, led by Carl Erlacher, Diana Doyle, and Tayna Oliver-Perry, who are the best of the best at what they do. I also want to thank the team in the mayor's office, especially my chief of staff Bobbye Knoll Peterson, budget analyst Rohan Manning, and the amazing administrative staff led by Linda DeSena that keeps the city running smoothly.

In last year's budget address, I talked a lot about uncertainty: about how long the pandemic would last, about what lockdown would mean for the local economy, about how people will be able to pay taxes and bills and rent. A year later, we are still working on satisfactory answers to those questions-- but at least one thing appears a lot more certain, which is that despite the ravages of the pandemic and the national struggle to respond effectively, we are on the road to recovery in Middletown. My administration has worked hand in glove with the Council, the Board of Education, and the private sector in a bipartisan and coordinated way to navigate the worst of the pandemic, and I have no doubt we'll take the same approach as we finalize this budget. The financial questions that remain up in the air-- the state budget and federal dollars-- offer much better prospects than they have during recent years in which Middletown has had to struggle at the local level to make up for spending cuts in Hartford and tax cuts in Washington. And the fundamental strengths of our local economy-- our residents and our businesses-- are reflected in our AAA bond rating and a tax rate that undercuts most similarly-sized cities across Connecticut.

I talked at the beginning about how doing things like this virtually has started to feel routine, even though it felt strange last year when we did it for the first time. I will close by saying that I hope the City of Middletown's second all-virtual budget address-- this address-- will be our last. The Common Council and I will be returning to Council Chambers for the first time in over a year to hold the hearings on this budget, starting on April 12, when I'll formally present it to them for the first time. It's a symbolic but important step in the right direction as we work to reopen safely and put the pandemic behind us, and I hope that you'll join and participate throughout the rest of the budget process (rest assured, you will still be able to fully participate virtually).

Until then, I will say thank you for giving me the opportunity to serve as your mayor. I am honored every day to be a part of this great community and the great team that leads it. As we look towards better days to come for our state and country, I am confident that Middletown will be leading the way. Thank you.

Mayor Ben Florsheim