

To: The Honorable Board of Finance
From: Benjamin G. Blake, Mayor
Date: January 22, 2013
Subject: GENERAL BUDGET for the fiscal year from July 1, 2013 to June 30, 2014.

In accordance with Article VI, Section 1 of the Charter of the City of Milford, I respectfully submit, herewith, the general government portion of the City budget for fiscal year 2013-2014.

This proposal is the result of the tireless efforts of each City department head who has worked to manage and balance the challenging budget pressures which await our City in the upcoming fiscal year.

In this budget, we set priorities that define our community's character. First and foremost, we ensure that our Police, Fire, Health, and other public safety departments remain among the finest in the nation. We protect the most vulnerable of our citizens by retaining a vast network of social services. We also maintain our public works and continue to prudently invest in our City's fundamental infrastructure.

Like all cities and towns, Milford must strive to preserve its character and fulfill its priorities while holding down taxes amidst expanding wages, rising health care costs and pensions, as well as other mounting contractual obligations. Costs have escalated; for example, in the upcoming fiscal year, our actuaries suggest a significant increase in our pension contribution based on the decline in the value of pension assets experienced during the market downturn between 2007 and 2009.

Moreover, our City's debt service has grown as a series of past capital projects, notably several major sewer upgrades, have finally been completed. Most significant, however, is the ever-rising cost of health care (National trend = 9.2% to 9.7% average increase for large plans) which has caused our annual health insurance contributions to swell dramatically.

To this end, the City has taken-up a series of cost-cutting measures this past year to make Milford government more cost effective and to ease those burdens which must be controlled. We have captured millions in taxpayer savings by refinancing previously issued bonds at a time when interest rates were at all-time lows. Millions of dollars more in savings were realized when we aggressively renegotiated the costs of the City's health care administration and electricity supply contracts.

While these reductions will help to offset some of the cost pressures we will face this year, this proposed budget further mitigates taxpayer impact by drawing revenue from our prudently managed Fund Reserve. Milford's General Fund has been well-nurtured this past year as several recent contributions, including nearly 3 million dollars in previously uncollectable tax revenue brought in by an August tax lien sale, have grown this account considerably.

In the end, this budget focuses on preserving core City services while meeting our obligations to taxpayers. I am proud of our City's exceptional government and believe this budget keeps Milford's financial future on a prudent path. I hope you share the priorities reflected in this proposal and thus I respectfully request your consideration.