

**DRAFT**

January 24, 2018

Hon. Dannel P. Malloy, Governor  
State Capitol  
210 Capitol Avenue  
Hartford, CT 06106

Dear Governor Malloy;

This letter by Capitol Region Council of Governments is in response to the recent notification that Hartford is one of three communities to meet all four fiscal disparities requirements identified in Connecticut Statutes Section 7-148dd. As a result, the chief elected officials of the CRCOG are “required to submit recommendations to address the problems of the municipality to your office and the joint standing committee of the General Assembly having cognizance of matters relating to local government”.

The CRCOG Policy Board discussed this statutory requirement at length with a representative from OPM at our December 13<sup>th</sup>, at its Executive Committee meeting on January 10<sup>th</sup> and again at its Policy Board meeting on January 24<sup>th</sup>.

The members of CRCOG Policy Board believe that if the state had met its commitments and obligations to all of Connecticut municipalities, the City of Hartford would not be facing the depth of its fiscal challenges and potentially would not have triggered the fiscal disparity statute.

In addition, if regions are to be held responsible for producing recommendations, regions need the ability to implement lasting structural change, including the ability to tax regionally for regional needs and services. The reality is that Hartford has a high concentration of the region’s poverty at the same time facing a very narrow tax base due to exemptions from property taxes. In order for the region to successfully help Hartford, the region needs to freed from unfunded state mandates, or state obligations that are promised and only partially funded (or not funded at all), leaving municipalities responsible for those obligations.

The following are the major considerations and recommendations that the CRCOG has to offer in response to this mandate. These considerations are in line with CRCOG’s Legislative Agenda and CRCOG’s strategic goals for the region.

**Fully Fund the PILOT Program.** As the state’s capital, half of the City of Hartford’s grand list is tax exempt. In addition, many of these areas are in the most desirable parts of the city. Because Hartford begins with an already very relatively small size

within the region, this immediately puts Hartford at a disadvantage for its grand list and mill rate. According to the CT Office of Fiscal Analysis (OFA), if those same properties could be taxed, Hartford would be receiving \$138 million in tax revenue, more than double what Hartford received in PILOT funding in 2017. Fully fund PILOT and consider increasing the state owned property PILOT rate from 44% to a higher percentage would significant increase revenue to the city.

**Special Education Costs.** Have the State assume all costs of special education with appropriate adjustments in ECS funding. Hartford has a high number of students who receive special education and these expenditures can vary widely and impact the education budget in significant ways. CRCOG believes the State assuming special education costs will enable a smoother budget across the board, enabling better fiscal controls.

**Regional Asset Districts.** Allow creation of Regional Asset Districts to promote regional recreational and cultural facilities funded through food and beverage taxes and local property taxes. This has been proposed several times to the General Assembly. Funds to be distributed by COG for infrastructure improvements for these facilities. As a recreational and cultural asset rich city, Hartford would receive major benefit from a Regional Asset District program.

**Prevailing Wage Provisions.** Reduce restrictive prevailing wage provisions. CRCOG along with CCM and COST supports updating the threshold for renovation projects to \$500,000. CRCOG further supports having the project minimum threshold indexed automatically to inflation in the construction industry. CRCOG further supports combining the prevailing wage threshold for renovation projects and CHRO projects into a single threshold.

**Support restoration of the Regional Performance Incentive Program (RPIP).** The Connecticut Conference of Municipalities released a report this year entitled “Securing the Future: Service Sharing and Revenue Diversification for Connecticut Municipalities”. The report states that one way the State can encourage additional voluntary regionalism initiatives is to restore funding for the RPIP that targets funding for initiatives that save town’s money and improve the level of local government services. The City of Hartford and CRCOG have benefitted in the past from OPM’s RPIP which enabled the jumpstarting a number of regional initiatives, including the Online Permitting Program, GIS, update to the CAPTAIN program among many others. Continued RPIP funding will accelerate service sharing programs that benefit the City of Hartford.

**Consider and pursue CCM Report Recommendations for the state.** The CCM report referenced above contains numerous recommendations for the State to pursue to facilitate additional service sharing opportunities. CRCOG encourages the State to carefully consider the recommendations in the recent CCM report on service sharing, discuss the various options with local government officials, and pursue the opportunities that appear most promising.

**Support for CEDS.** CRCOG is currently in the process of updating the Comprehensive Economic Development Strategy (CEDS) for the 38 town region. CRCOG believes the CEDS could be instrumental in outlining game changers and strategic economic opportunities for future initiatives that could positively impact Hartford and the region's economy. The goal of the process is to accelerate economic growth in the region. Consequently, CRCOG supports the CEDS and believes the recommendations of the CEDS that would revitalize and create regional economic opportunities.

**Advance existing regional programs.** CRCOG has a long history of regional programs that benefit its member towns and in which Hartford participates or is eligible to participate. These include the CRCOG Purchasing Council, IT Services Cooperative, Regional Online Permitting, as well as numerous transportation planning, Transit Oriented Design related projects. CRCOG is always looking for opportunities to pursue and pursuing regional opportunities and initiatives. Barriers to some of the regional opportunities include: cumbersome regulations that inhibit cooperation, lack of strategic use of Information Technology, and the lack of municipal input at the state agency level for potentially impactful statewide opportunities. CRCOG member towns will continue to promote, support and expand existing regional programs that serve to enhance local government efficiency, improve the level of service, and save taxpayers money. Many of the above mentioned programs benefit the City of Hartford.

**Support Regional Emergency Teams.** Through the CT Department of Emergency Management and Homeland Security, the City of Hartford has received funding for a number of emergency functions for the region, including but not limited to the regional dive team, regional bomb squad, regional Hazardous-Materials Team, and the regional SWAT. CRCOG continues to support the numerous Hartford-based regional emergency teams and other emergency support capabilities within the City and recommends that the needed funding under the Homeland Security Grant Program (HSGP) administered by the DEHMS Region 3 continue. CRCOG also continues to seek a "fair share" increase in federal funding allocations for Connecticut and the region through the HSGP.

**Other Cities Face Fiscal Challenges.** Hartford is not the only city in fiscal distress in our region. CRCOG has a number of members facing significant fiscal challenges and the challenges and uncertainties at the state level have made it more difficult in all of the member towns to address fiscal concerns. Although Hartford was identified through statute as having a fiscal disparity with the region, CRCOG believes that some of the other member towns also face fiscal challenges and any plan for assistance should be broad enough to support all towns and cities in this situation.

CRCOG believes the steps outlined above would significantly improve Hartford's outlook and enable a reduction in fiscal disparities within the region.